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PRINCE EDWARD ISLAND

FEDERAL-PROVINCIAL AGREEMENT

**(As amended by Amendment No.1
of June 21, 1971)**

**Covering a Comprehensive
Development Plan
for Prince Edward Island**



REGIONAL ECONOMIC EXPANSION CANADA
EXPANSION ÉCONOMIQUE RÉGIONALE CANADA



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ERRATA

Page 23, line 4: for 150,000 read 1:50,000
 page 73, para. 2, last line: for Department read Development
 page 79, FRED column, final total should be 19,639

AGREEMENT COVERING
DEVELOPMENT PLAN
FOR
PRINCE EDWARD ISLAND

THIS AGREEMENT made this seventh day of March, 1969.

BETWEEN:

THE GOVERNMENT OF CANADA, (hereinafter referred to as "Canada") represented by the Honourable Jean Marchand, Minister of Forestry and Rural Development of Canada,

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF PRINCE EDWARD ISLAND, (hereinafter referred to as the "Province") represented by the Honourable A.B. Campbell, Premier of the Province of Prince Edward Island,

OF THE SECOND PART.

WHEREAS the territory of the Province hereinafter referred to as "the Area", has experienced widespread low income, has substantial adjustment problems and has significant development potential;

AND WHEREAS Canada and the Province have jointly agreed that it is desirable that the Area have a comprehensive and co-ordinated development plan designed to promote its economic development, to increase income and employment opportunities and to raise standards of living;

AND WHEREAS Canada and the Province have jointly agreed on a Comprehensive Development Strategy for the Area and on a Plan for its implementation as described herein;

AND WHEREAS His Excellency, the Governor in Council by Order-in-Council has authorized the Minister of Forestry and Rural Development to execute this Agreement on behalf of Canada;

AND WHEREAS His Excellency the Lieutenant Governor in Council by Order-in-Council has authorized the Premier to execute this Agreement on behalf of the Province;

NOW, THEREFORE IT IS AGREED BY AND BETWEEN THE PARTIES hereto as follows:

1. The development strategy in respect to the Province shall form the subject matter of this Agreement.
2. Definitions:
 - (a) Board - The Joint Federal-Province Advisory Board referred to in Article 13.
 - (b) Department - The provincial administrative structure, under the direction of the Premier, responsible for the overall implementation of the Plan.
 - (c) Development Strategy - The means, as outlined in Schedule "C" hereto, by which the objectives of the Agreement will be promoted in the Area.
 - (d) Plan - The overall design for implementing the development strategy.
 - (e) Program - A definite course of intended proceedings for a major operation within the Plan.
 - (f) Project - An undertaking, with specific objectives, that forms a self-contained unit within a program.
3. Canada and the Province agree to co-operate jointly with the residents of the Area in the realization of the Plan, which is to further the social, economic and institutional improvement of the Area, through the development of physical and human resources, social services, resource supporting and commercial services, and through the setting up of an effective inter-governmental structure for the co-ordinated implementation of the Plan.
4. All programs and projects undertaken under the Plan shall be jointly approved by Canada and the Province and shall be consistent with the overall objectives of the Plan, as outlined in Schedule "C". In no circumstances shall funds be contributed in respect of any program or project without such joint approval and no program or project shall be approved or undertaken

under this Agreement that does not maintain a balance among each of the parts of the Plan.

5. The objectives of the Plan shall be reached through co-operation between Canada and the Province, through co-ordination amongst the parties hereto and their agencies, and by applying to the extent possible all other related or applicable programs and projects to the Plan in the Area.
6. Canada and the Province agree to provide to each other, upon request, any information about the Comprehensive Development Plan or any program, project or part thereof.
7. In the event that Canada and the Province mutually agree that further studies or information with respect to the Area or that an evaluation of the effects of the Plan demonstrate that the objectives and basic strategy described in Schedule "C" require alteration or amendment, this Agreement may from time to time be reviewed by the parties hereto and, if believed necessary, with the approval of the Governor in Council and the Lieutenant Governor in Council, may be amended; but in any event the Agreement shall be reviewed before March 31, 1972.
8. This Agreement shall commence on, and take effect from, the date on which it becomes signed by both Canada and the Province. Financial participation by Canada in the Plan shall be determined by and limited to that set forth in the memoranda of implementation to this agreement and shall commence on, and take effect from, the date specified in the First Memorandum of Implementation, attached hereto as Schedule "A", entered into by both Canada and the Province. No costs incurred before April 1, 1969 shall be eligible or considered for payment under this Agreement or any memorandum of implementation. The Parties may enter into subsequent memoranda of implementation in furtherance of the Plan subject to the appropriation of the necessary funds by Parliament and the Legislature of the Province. This Agreement and its related memoranda of implementation shall expire on March 31, 1984. No project shall be approved after March 31, 1984 and no claim for a contribution made in respect of any project under this Agreement and its memoranda shall be paid unless it is received by Canada within one year following the expiry date.

9. Each development program or project jointly agreed to by Canada and the Province shall specify the objectives of the program or project and outline the details as to how the program or project is to be carried out, the time schedule involved, the priority of the program or project in terms of the Plan, the cost, the share of the cost to be borne by each party, the share of any revenue and assets from the program or project that will accrue to Canada and the Province and the expected benefits that will accrue from the program or project.
10. The following conditions with respect to employment and the award of contracts under this Agreement and any memorandum of implementation shall apply to all programs and projects carried out thereunder and in the case of paragraph (b) hereof shall be made a condition of all contracts entered into thereunder.
 - (a) Where practicable the recruiting of labour shall be conducted through the Canada Manpower Centres of the Department of Manpower and Immigration.
 - (b) In the employment of persons on any project, there shall be no discrimination by reason of race, sex, national origin, colour, religion or political affiliation.
11. Except for acts of God, the Province shall save harmless and indemnify Canada for and against any and all liability, loss, damages or expenses, which may be suffered or created as a result of implementing the programs or projects under this Agreement and any memorandum of implementation, and for the implementation of which Canada is not directly responsible.
12. No Senator, Member of the House of Commons or Member of the Legislature of the Province shall hold, enjoy or be admitted to any share or part of any contract, agreement, commission or benefit arising out of any program or project under this Agreement and any memorandum of implementation.
13. For the joint administration of the Plan, Canada and the Province shall establish a Joint Federal-Provincial Advisory Board half of whom shall be appointed by each participating government. The Board shall be vested with the overall responsibility for the implementation and management of the Plan. The Board shall guide the activities of the Management Group referred to in Article 16 and shall recommend the establishment of necessary administrative structures for Canada and the

Province. It shall recommend to each government the terms and conditions to be contained in the memoranda of implementation referred to in Article 8, it shall furthermore approve all projects, recommend all programs and budgets to each government, evaluate the management and the implementation rate of the Plan in terms of objectives, performance and priorities, and it shall also suggest, as required, amendments to be made to this Agreement and to its memoranda.

14. Canada shall establish an administrative structure for the implementation of the Plan, the main element of which shall be the Office of the Plan Co-ordinator. The Plan Co-ordinator shall be responsible for planning, program development, information, liaison and program co-ordination between the agencies of Canada administering the programs included in the Plan or the activities of which affect the implementation of the Plan. The Plan Co-ordinator shall form and preside over co-ordination committees consisting of representatives of the departments or agencies of Canada involved in the implementation of programs or projects. He shall work directly with the Deputy Minister of the Department and provincial officials.
15. The Province shall establish the Department, under the direction of the Premier, as the administrative structure for the co-ordinated implementation of the Plan. Within the framework of Provincial policy as established in conjunction with the Board, the Department will be responsible for planning, program development, and general management of the provincial aspects of the Plan.
16. There shall be a Management Group, consisting of the Deputy Minister of the Department and the Plan Co-ordinator, responsible under the guidance of the Board for the management of the Plan as a whole. The Management Group shall determine the research work necessary for the preparation of new programs and review programs and projects at important stages of their formulation. It shall report to the Board and shall be responsible for recommending budgets and modifications thereto necessary for the implementation of the memoranda of implementation and of the programs and projects thereunder.
17. The Board shall recommend annually, and not later than the first of October in each year covered by the Agreement, estimates of costs for implementing the Plan for the

fiscal year beginning the first of April next following. Before the first of May of each year, the Board shall prepare a forecast of estimated expenditures for the next five years.

18. Canada and the Province shall keep records of all expenditures made pursuant to this Agreement and any memorandum of implementation thereunder and shall support such expenditures with the proper documents. Canada and the Province upon request shall make these records and relevant documents available to auditors appointed by the other.

IN WITNESS WHEREOF the Honourable Jean Marchand, Minister of Forestry and Rural Development of Canada, has hereunto set his hand on behalf of Canada, and the Honourable A.B. Campbell, Premier of the Province of Prince Edward Island, has hereunto set his hand on behalf of the Province, the day and year first above written.

In the Presence of

"Tom Kent"

Signed on behalf of Canada

"J. Marchand"

In the Presence of

"T.E. Hickey"

Signed on behalf of the Province

"Alexander B. Campbell"

NOTE: The First Memorandum of Implementation was amended by Amendment No. 1 dated December 4, 1969. The Agreement was amended by Amendment No. 1 dated June 21, 1971, which also constitutes Amendment No. 2 to the First Memorandum of Implementation.

SCHEDULE A
FIRST MEMORANDUM
OF IMPLEMENTATION

THIS AGREEMENT made this seventh day of March, 1969.

BETWEEN:

THE GOVERNMENT OF CANADA, (hereinafter referred to as "Canada") represented by the Honourable Jean Marchand, Minister of Forestry and Rural Development of Canada,

OF THE FIRST PART;

AND

THE GOVERNMENT OF THE PROVINCE OF PRINCE EDWARD ISLAND, (hereinafter referred to as the "Province") represented by the Honourable A.B. Campbell, Premier of the Province of Prince Edward Island,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a Memorandum of Agreement (hereinafter referred to as the "Agreement") under which they agree to co-operate jointly and with the residents of the Province in the realization of a comprehensive and co-ordinated development Plan for the Province (hereinafter referred to as the "Plan");

AND WHEREAS the Agreement provides that the financing of the Plan shall be determined through memoranda of implementation agreed to from time to time between Canada and the Province;

AND WHEREAS the territory of the Province (hereinafter referred to as the "Area") is a predominantly rural area, has

experienced widespread low income, has substantial adjustment problems and has significant potential for economic and social development;

AND WHEREAS the Fund for Rural Economic Development Act, 14-15 Elizabeth II, c.41, (hereinafter referred to as the "Act") provides for the implementation of a comprehensive rural development program under such conditions;

AND WHEREAS Canada and the Province jointly agree that the territory of the Province shall be designated a Special Rural Development Area as defined in s.5 (b) of the Act;

AND WHEREAS His Excellency, the Governor in Council by Order-in-Council has authorized the Minister of Forestry and Rural Development to execute this Memorandum of Implementation (hereinafter referred to as the "Memorandum") on behalf of Canada;

AND WHEREAS His Excellency the Lieutenant Governor in Council by Order-in-Council has authorized the Premier to execute this Memorandum on behalf of the Province;

NOW THEREFORE IT IS AGREED BY AND BETWEEN THE PARTIES hereto as follows:

1. The territory of the Province is hereby designated a Special Rural Development Area under Section 5 (b) of the Act and the development strategy outlined in Schedule "C" to the Agreement shall be the Comprehensive Rural Development Program for the Area under Section 4 of the Act.
2. This Memorandum is the First Memorandum of Implementation referred to in Article 8 of the Agreement. This Memorandum covers the first phase of the implementation of the Plan. No commitment under any article of this Memorandum, except Article 15, shall be made after the end of the first phase of the Plan.
3. (1) Subject to all terms and conditions of the Agreement and of this Memorandum, the sum which Canada shall contribute during the first phase of the Plan from the Fund for Rural Economic Development (hereinafter referred to as the "Fund") in respect of the development strategy shall not exceed \$81,937,000.
(2) Subject to all terms and conditions of the Agreement and of this Memorandum and subject to funds being made available by the Parliament of Canada, the

amount provided by contributing departments of Canada during the first phase of the Plan in respect of the development strategy shall in no case exceed \$6,500,000, and the amount that Canada shall contribute during the first phase of the Plan through loans shall in no case exceed \$36,563,000. The components of the total contribution from Canada (\$125,000,000) and the sources of the funds thereof, are set forth in the Summary of Cost Sharing.

- (3) Notwithstanding sub-articles (1) and (2), Canada shall not contribute more than \$25,000,000 in any fiscal year, and shall not be liable to make any contribution under this Memorandum in respect of all approved programs or projects under this Memorandum unless the Legislature of the Province appropriates as required the funds necessary for the Province's contribution in respect of all approved programs or projects under this memorandum.
4. Subject to this Memorandum and to the funds being appropriated by the Provincial Legislature of Prince Edward Island, the Province will contribute during the first phase of the Plan in respect of jointly approved programs and projects under the development strategy, the sum of \$117,963,000. The Province shall be responsible for all other costs, including operating costs and other costs not specifically provided for in this Memorandum, or not a part of ongoing federal programs, both during, and subsequent to, the life of this Memorandum. The components of the said sum are set forth in the Summary of Cost Sharing hereto attached as Appendix "A".
5. Upon the execution of this Memorandum no further project or program shall be approved under the Federal-Provincial Rural Development Agreement (1965-70), in respect of the Province.
6. Canada and the Province, from time to time during the life of this Memorandum, may jointly approve programs and projects which are practical, suitable and consistent with the objectives and proposals outlined in the development strategy attached as Schedule "C" to the Agreement and in no circumstances shall funds be contributed in respect of any program or project without said joint approval.

7. (1) Subject to the Agreement and this Memorandum, Canada will reimburse the Province from the Fund in respect of Canada's share of allowable expenditures referred to in Article 8 that can be debited to the Fund and that are made by the Province for jointly approved projects under the development strategy, on the basis of claims submitted from time to time by the Province covering expenditures actually incurred and paid by the Province, which claims shall be submitted in a mutually agreed manner and form and certified by a senior officer of the Department and by the Provincial Auditor; provided, however, that in order to assist the Province with the interim financing of the projects, Canada may also:

- (a) make interim progress payments to the Province not exceeding 80% of Canada's share of claims submitted by the Province based on estimates of expenditures actually incurred by the Province as certified by a senior officer of the Department; and
- (b) make annual advance payments to the Province not exceeding 90% of Canada's share of mutually agreed estimated expenditures on capital projects to be incurred by the Province during the fiscal year.

(2) The Province will account for all interim progress payments and advance payments made by Canada by submitting to Canada detailed statements of its actual expenditures, certified by the Provincial Auditor. In the case of interim progress payments such statements shall be submitted within 60 days after March 31st and September 30th of each year and shall cover the six-month period ending on said dates, and in the case of advance payments, such statements shall be submitted within 90 days after the end of the fiscal year concerned and shall cover such fiscal year.

(3) Canada or the Province, as the case may be, will remit forthwith to the other party the amount of any discrepancy between the amounts paid by Canada and the amounts actually payable by Canada in reimbursement of the actual allowable expenditures incurred and paid by the Province, as disclosed by any audit certificate or report of the Provincial Auditor or of any auditor appointed by Canada.

8. The allowable expenditures shall include only direct costs related to approved projects under the development strategy. No indirect cost is allowable unless it is approved by both Parties. The salaries of permanent employees of the Province or its agencies are allowable only when those employees work full-time, specifically and directly on approved projects for a continuing period of one month or more.
9. Canada shall contribute during the first phase of the Plan to jointly approved cost shared projects under the development strategy in respect of which a financial contribution is requested from the Fund by the Department the proportions of the allowable expenditures as specified in the development strategy and Appendix "A" or \$61,291,000 whichever is the lesser.
10. Canada will pay to the Department, upon the recommendation of the Board, amounts not exceeding in the aggregate \$20,646,000 as development grants to assist in the general implementation of the Plan during the first phase of the Plan provided, however, that Canada shall not be liable to make any such payments unless in its own discretion, Canada is satisfied that the Plan is being carried out in conformity with the Agreement.
11. To finance the lending program as outlined in the development strategy, the amounts which Canada may lend to the Department, on recommendation of the Board, shall not exceed \$36,563,000 as specified in sub-article 3 (2) at rates equal to the prevailing rate charged by the Minister of Finance to Crown Corporations with equivalent repayment period at the time the loan under this Article is made. The terms of repayment in respect of each loan will be specified in such loan but in any case the terms of repayment will not exceed 30 years.
12. The aggregate amount of the contribution from the Fund to jointly approved projects implemented by the Province plus the developmental grant should not exceed in any fiscal year the total allowable expenditures incurred under the said projects implemented by the Province.
13. In this Memorandum:
 - (a) "fiscal year" means the twelve months commencing on the 1st day of April in each year and ending on the 31st day of March next following;

(b) "first phase of the Plan" means the period commencing on April 1, 1969 and ending not earlier than March 31, 1974 and not later than March 31, 1976, in which the activities, defined in the Summary of Cost hereto attached as Appendix "A", are undertaken.

14. Unless the context otherwise requires, words and expressions used in this Memorandum shall have the same meaning as in the Agreement.

15. (1) Subject to the recommendations of the Joint Advisory Board on the development of programs and projects for continuing implementation of the Plan, the Province shall be prepared to contribute to those programs and projects \$380,000,000 during the period from the end of the first phase of the Plan to March 31, 1984 and in that event, provided that the Parliament of Canada has appropriated the necessary funds therefor, Canada shall contribute \$100,000,000 during the period from the end of the first phase of the Plan to March 31, 1984.

(2) Notwithstanding sub-article (1), Canada shall not be liable to make any contribution pursuant to this article unless the Legislature of the Province appropriates as required the funds necessary for the Province's contribution in respect of those programs and projects.

IN WITNESS WHEREOF the Honourable Jean Marchand,
Minister of Forestry and Rural Development of Canada, has
hereunto set his hand on behalf of Canada, and the Honourable
A.B. Campbell, Premier of the Province of Prince Edward
Island, has hereunto set his hand on behalf of the Province
the day and year first above written.

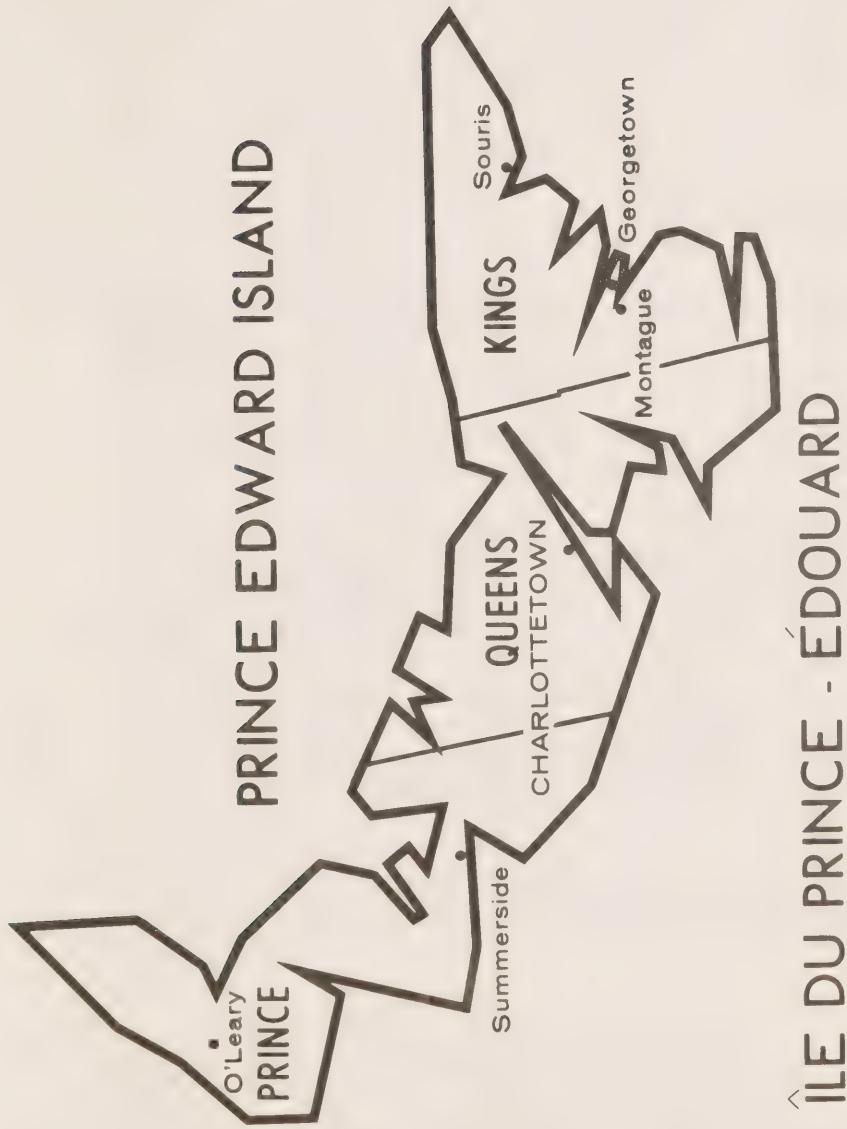
In the Presence of

Signed on behalf of Canada

In the Presence of

Signed on behalf of the Province

SCHEDULE B



SCHEDULE C DEVELOPMENT STRATEGY

CURRENT SITUATION

The Province of Prince Edward Island, with an area of some 2,200 square miles, had a population in 1966 of 109,000 and an estimated labour force of 35,400. Levels of unemployment are consistently 3% to 7% above the national average, on an annual basis, and seasonal unemployment usually ranges between 15% and 20% in February and March.

In addition to indicated unemployment there is, in the Province, a substantial degree of underemployment. The economy is characterized by a heavy dependence upon land based resource industry, particularly agriculture, and the resources of the sea. The small amount of manufacturing is related almost entirely to these resources and is organized in small production units. Output per worker in all sectors is well below the national average, by as much as 50% in agriculture. Accordingly, per capita income ranges between 60% and 70% of the national average.

Aggregate output in the commodity sectors has been growing very slowly, averaging about 2.2% per year over the period from 1961 to 1965.

STRATEGY

This Plan is based on a development strategy that would bring about full economic exploitation of the Island's large and potentially profitable resources for agriculture. Other main features of the strategy are: a considerable development of tourist facilities; better utilization of forest assets; rationalization of fisheries; extension of education programs and training for the full development of the labour force potential; increased efficiency and some expansion in processing and manufacturing industry; investment in housing,

health and welfare services and other infrastructure required for effective development.

The common aim of these programs is to create conditions in which the people of Prince Edward Island can create viable economic enterprises for themselves.

The programs for the renewable resource sectors of agriculture, forestry and tourism are based on land use adjustment, in response to land capabilities and market demands, and on policies and measures to promote profitable use, as indicated by Canada Land Inventory data and other detailed socio-economic information, a resource management team is being formed to work directly for the farmers and others concerned. The team will include agriculture, recreation, and forest specialists; soil and water engineers; geographers and counsellors. The programs available to assist this reallocation include land acquisition and resale, commercial leases, commercial credit, management training, technical assistance, training and mobility for other employment, and pensions.

The objective is to reallocate some 93,000 acres of poor agricultural land to forestry, tourist and wildlife use and to add, over time, approximately 270,000 acres of unused good agricultural land to the 550,000 acres presently being farmed. There will be zoning control and licensing to concentrate tourist and recreation developments in the most suitable areas, where they will not detract from the best use of farm land.

Development in the resource sectors will be further fostered by basic improvements in marketing facilities for agriculture, by some stand improvement and management inputs into forestry, and through assistance to the tourist industry by technical advice on design and credit, quality regulation, and some investments in public facilities. In addition, a careful effort will be made to foresee and encourage the development of manufacturing and processing related to the resource base.

Taken together, these programs can be expected to attract substantial private development capital into the resource sectors of the Island economy.

Efforts will be made to increase the efficiency and level of utilization of the three existing plants for the offshore fishery. There will be a greater concentration of inshore landing ports in order to increase productivity and provide a choice of satisfactory earnings to a smaller number of inshore fishermen.

In the field of education, the Province's intent is to develop a modern system based on five consolidated school districts (in lieu of the present 371), comprehensive high schools incorporating integrated vocational-academic programs, a technical arts college and a single university. Existing structures will be used to the maximum, including the 226 one-room schools which will be used for kindergarten, single grades and adult education. The technical college programs will be integrated with those available elsewhere in the Maritimes; the university will be asked to contribute heavily to resource studies plus an integrated arts, science and teacher training program.

Arising out of these basic programs are requirements for roads, water supply, power, housing and community improvements and changes in health and welfare programs. Road requirements are linked directly to the activities they serve.

There is no need in Prince Edward Island to concentrate population and the housing program reflects this. New housing will be required in five main urban centres (Charlottetown, Summerside, Montague, Souris and O'Leary) and also in other centres of fishing, recreation or agricultural servicing activity, as well as for young farmers establishing themselves on newly organized farm lands. Community improvements are linked to recreation and tourism requirements, and to the major centres where some urban redevelopment is necessary.

REGIONAL IMPLICATIONS

The Prince Edward Island Comprehensive Development Plan has necessarily been prepared in the absence of any established developmental strategy for the Maritime Region as a whole. Fortunately, there are a number of reasons why this can be done without incurring a serious risk of fixing development in directions which could come into conflict with sound overall regional and national economic development.

First, the economic linkages of the Province with the rest of the Canadian economy are few and relatively simple, being confined mainly to agriculture, tourism, and fisheries.

Second, the Island has a clear and substantial comparative advantage in much of agriculture - the economic engine of this Plan - and there is no doubt that this will provide its major role within any restructuring of the Maritime economy as a whole.

Third, the programs within the Plan are directed to making expansions in investment possible through training, commercial credit, market mechanisms and institutional changes. In other words, the main strategy of development is *not* to provide infusions of subsidies, either capital or operating, into particular activities, but rather to restore flexibility and capability, both in the economy and in the institutions of the Province. The effect will be to give the Island a facility it does not have to make rapid adjustments in the face of changing opportunities. This will be necessary whatever the precise directions of the opportunities that arise from changes in the regional and national economy.

Accordingly it is believed that, rather than acting as an impediment to rational regional planning, an early beginning of the programs in Prince Edward Island should simplify the process of Island adaptation to whatever development direction emerges from a regional strategy. The process begun in the Province is most unlikely to conflict significantly with any foreseeable solutions to regional problems.

Nevertheless, it is fully recognized that this confidence can be strongest only for the fairly short run. The full implementation of the Plan must take place within a strategy developed in a regional, not a provincial, context. This has been allowed for in two ways. First, detailed financial commitments to the Prince Edward Island Development Plan are proposed for a seven-year period only. Secondly, it is an over-riding provision of the Agreement that detailed programs of the Plan are subject to revision if and as the development of regional strategies offers more effective or efficient means of achieving the same objectives.

Accordingly, capital investments which would commit the direction of development have been postponed for as long as is consistent with the Plan objectives. Where such postponement is not possible - as in certain areas of research, market development and vocational training - every effort is made to ensure that these will be undertaken in a regional context.

PHASING

The Governments of Canada and Prince Edward Island, under the terms of the Agreement, will be jointly committed to implementation of the Plan over the next 15 years. The descriptions of the programs which follow outline in some detail the objectives, strategies and procedures for implementation which will serve as the guidelines for action over this whole period. But the Plan has been carefully phased

and detailed commitments by program have been spelled out for the first seven years only. Beyond that, there is a commitment of intent and a commitment of resources in their general order of magnitude, to be applied flexibly according to the rate of progress that actually proves possible and the changing circumstances that may arise.

INDIANS

It is the intent of this Agreement that the members of the Lennox Island bands be eligible to receive all Plan benefits. To this end, the Province of Prince Edward Island will take early steps to conclude an Agreement with the Minister of Indian Affairs and Northern Development on administrative and jurisdictional questions, so as to avoid any delay in implementing the provisions of the Plan.

EXPECTED EFFECTS

In total, the measures incorporated into the Plan are designed to substantially increase the capability of people, businesses and other institutions of the Province to guide and take full advantage of opportunities provided by the rapidly changing social and economic environment of Canada and the world at large.

The real effects will be measured through the evaluation procedures outlined in this Program Guide. At this stage, some indication of the direct economic impact can be obtained by aggregating the growth in each of the separate sectors without taking account of possible cumulative effects of integrated action. In themselves, the investments and changes in the structure of the Island economy are expected, as the Plan goes into effect, to increase the rate of growth of Net Province Product to 7% per annum throughout the life of the Plan.

The levels of output which will result, compared with a projection of present trends, are predicted as follows:

NET PROVINCIAL PRODUCT

	Without Plan	With Plan	Increase
Million (1966) Dollars			
1966	133	133	-
1978 (10th year)	205	330	125
1983 (15th year)	270	440	170

The growth in levels of economic activity is expected to reduce the rate of net emigration from the Province. The projected effect will be to increase the population of the Island from the 1966 level of 109,000 to approximately 124,000 in 1978 and 129,000 in 1983. This is approximately 7% above the levels which might be expected in the absence of the Plan.

Taking account of the adjustments which will occur in the relation between Provincial Product and Personal Income, and the population with and without the Plan, the levels of personal income per capita which are predicted to result, compared with a projection of present trends, are as follows:

PER CAPITA INCOME

	Without Plan	With Plan	Increase
Constant (1966) Dollars			
1963-65 (av.)	1236	1236	-
1978 (10th year)	1660	2400	740
1983 (15th year)	2140	3070	930

PROGRAM 1

RESOURCE ADJUSTMENT AND DEVELOPMENT

PROGRAM 1.1

INTEGRATED LAND MANAGEMENT

BACKGROUND

The historical pattern of land ownership in Prince Edward Island is badly adapted to the needs of modern technology for agricultural, forestry and tourist development. Holdings are small and often scattered and the market mechanism for allocating land between these three sectors has been ineffective.

In this environment the first step required, to permit full development of the Island's resources, is a Province-wide land management program. This must be designed to remove the barriers to efficient land re-organization and reallocation to more effective uses. The projects below outline three areas of activity which together will provide the data for a single, broadly based geo-information system which will serve as the guide for land use decisions and investments.

1.1.1 - Canada Land Inventory Use Planning Development of the Information Base

Under the direction of the management group, and with funds provided by ARDA, staff of the Policy and Planning Branch of the Department of Energy, Mines and Resources are conducting an intensive survey of property ownership, land use, and ownership characteristics. Through this survey all property ownerships of five acres or more in size are mapped with the aid of air photos and local interviews. In addition to the ownership information, a detailed socio-economic

interview is conducted with each property owner to establish age, income sources, family size, future plans and other information. The ownership information is transferred to 150,000 topographic map bases which are correlated with the socio-economic information and the Canada Land Inventory land capability information in the central data bank.

A staff of approximately 40 people will analyse this information to plan the most effective uses of land. Of these 40, 10 to 12 will be professional in the fields of agriculture, forestry, recreation, legal aid, appraisal economics and farm management.

This process will lead to full implementation of the resource development projects described below. These projects, together with some of the other programs described in this program guide, provide the necessary conditions in which individual men and women can undertake the reallocation and efficient management of the Island's resources.

1.1.2 - Surveying, Mapping and Land Titles

Important to the success of the land use planning project is an extensive program of surveying, mapping, land titles and registration within the framework of a province-wide first and second order survey. This work will cut down immeasurably the difficulties now experienced in transferring title to land, and the definition of properties in terms of co-ordinates will simplify the problems of data analysis under the geo-information system.

To implement this project the Province will require a provincial survey division, a land titles and registration research group and the services of consultants over a two-year period to undertake and complete the second order survey to cover the Province.

1.1.3 - Soil and Water

A number of problems involving water are associated with land use and development planning. These include field erosion and sedimentation in streams and bays, salt water intrusion, changes in soil moisture due to extensive land clearing, and degradation of water quality in streams subject to agricultural pollutants. Much of the needed research in this area has been done but work is required to adapt it to the specific problems on the Island.

PROGRAM 1.2

DEVELOPMENT OF LAND BASED RESOURCES SECTORS

1.2.1 - Agriculture

Agriculture is the base of the economy of Prince Edward Island. An analysis of Canada Land Inventory data indicates that, from a physical point of view, there is a substantial amount of high quality land available for expansion and that there is capacity for intensifying agricultural land use.

In addition, the analysis of future markets for Island products indicates that many of them can be sold in greatly increased quantities provided that production is efficient and provided that better mechanisms for handling, grading, processing and transportation are developed. If these conditions are met, the limiting factor on the rate of development will not be markets so much as the rate at which it proves possible to achieve the structural and social adjustments required to use the Island's agricultural resources more fully.

OBJECTIVES AND STRATEGY

In the light of these factors, the objective of the measures to be implemented for agriculture is to double net value added to \$48 million by 1976. This income may be produced from a resource base farmed by 2,500 commercial farm units. By 1983, it is expected that value added will have approximately tripled, to \$68 million. In order for this program to be effective, the main restructuring of the sector must take place in the first seven years. The second period will be a rapid growth period, with continuing adjustments as required.

The strategy to be implemented to attain these objectives will be to:

- (1) Reorganize and strengthen the Provincial Department of Agriculture, and, in particular, strengthen the capacity to provide high quality extension services;
- (2) Provide education and management training to farmers with commercial and potentially commercial farms;
- (3) Encourage local participation both of individuals and local organizations and associations through extension, counselling and adult basic education.

- (4) Assist farm enlargement through land consolidation, clearing and other land improvements and improve the operation of the credit markets to enable farmers to exploit fully the opportunities available to them;
- (5) Encourage and assist farmers to adapt their mix of products in response to market opportunities, as indicated through the market and product development activities to be provided in program 3.5.

The agricultural development program is designed to set in train a process of structural change and reorientation to markets, if successful, will quickly put the Island's farms on a commercial footing. Since farming must form the basis of the economy and give the impetus to further provincial growth, it must be self-sustaining. Accordingly, while investments are being made to facilitate the process of adjustment, no subsidies are envisaged.

IMPLEMENTATION

Training and Extension: A key requirement in implementing the strategy is to improve the effectiveness of the Department of Agriculture and to put in place a much strengthened extension and market research service. Assistance will be provided, through program 4.2, for extensive staff training. This will permit present staff to update their skills and keep abreast of new developments, both technical and organizational, to help them in the execution of the agricultural development program.

A second important requirement is an agricultural education program which will increase the availability of trained agrologists and technicians and increase the number of young trained farmers coming onto the land. Assistance will be provided for about 100 professional agrologists taking degree study and serving their summers in the employment of the Provincial Department of Agriculture. Assistance for tuition and room and board will be provided for some 150 students to take technical training through the three year course at the Nova Scotia Agricultural College. For some 400 students who would be interested in technical and managerial training as a prelude to entering farming, courses and on-site or simulation farm management training will be provided.

For those farmers who may qualify for vocational agricultural training, opportunities will be provided through the Nova Scotia Agricultural College and the OTA (Occupational Training of Adults) Program. It is expected that some 400 trainees will follow these courses. In addition, it is

intended to offer agricultural familiarization courses in high schools to encourage students to take advantage of the program provided for them. And finally, local training in farm management and operating skills including upgrading, record keeping and other extension work will be offered to farmers throughout the Island.

As an alternative to the more formal education-oriented assistance measures spelled out above, some 600 to 900 farmers will be offered the opportunity to participate in extensive group agricultural training sessions conducted by farm management specialists, technicians and agrologists from the extension service of the Department of Agriculture. The participants will take group instruction in farm management techniques, credit planning and decision-making, and on-the-job training on private demonstration farms integrated with the program. Also closely related with this program will be 100 to 150 farm trials to demonstrate and bring home new technology through identification with the demonstrator.

In addition to these measures directed towards technical training for farmers, wives of farmers will be offered courses in record keeping, credit planning, and management; and assistance will be provided to strengthen the role of rural organizations such as boards of trade, swine breeders, Federation of Agriculture, rural development councils, 4-H clubs, etc. These measures are described in more detail in program 4.3 of this program guide.

Land Consolidation and Improvement: The main function of the integrated land management program is to provide the guidelines for land consolidation and farm enlargement in agriculture. There must also be mechanisms to assist the actual transfers of land.

Essentially, this can be reduced to two requirements. The first is to enable those who wish to leave farming to release their land when they wish, and to allow those who want to expand their holding to acquire such land when and as they are able to manage it.

The second requirement is to ensure that sufficient credit is available. Because of the present low level of returns from the industry and because many of the people who will participate in this sector are young, credit becomes a crucial factor in making such land transfers possible.

Accordingly, it is intended that, as far as necessary, the Government will act as an intermediary, standing ready to buy land offered for sale by individuals within or outside the integrated land management program. The Government will then improve and lease or sell good agricultural land in units of viable size. This land will be available to qualified farmers and to those who become qualified as a result of training. Through these transactions, the Government will play an active role in financing where there are gaps in the present credit system.

The Province will offer owners of low income farms the market value of farm land and buildings. This value will be determined by an agreed professional appraisal process with appropriate audit. The criteria will be established on approval of the Joint Advisory Board. Farmers 60 years of age or over may sell or, alternatively, accept a pension. This will consist of a fixed amount of \$150 a month for married men and \$100 a month for single men; and a variable element, amounting to bank rate plus 1% on the value of the farm land and buildings, for five years or death whichever comes first. The minimum pension payable taking account of both of these factors would be \$2,400 for married men and \$1,800 for single men, in 1967 constant dollars. The farm owner will be eligible, if he chooses, for a life-time lease from the Province for his house and one acre of land and with guaranteed access. The lease terminates on death of the farmer or spouse, whoever is the survivor, and buildings, property and access rights are returned to the Province.

On the basis of the surveys and the age and income structure of the population, it is estimated that over a ten year period a total of 411,600 acres of land could be offered to the Province. Of this land 306,000 acres would be land Class 2 and 3, of which 157,000 acres would be improved and 149,000 acres unimproved. In addition, there will be 17,000 acres of improved Class 4 soils suitable for crop production and about 93,000 acres that should be withdrawn from the agricultural sector and diverted to alternative uses such as forestry, recreation, wildlife and watershed management.

Before sale or lease of agricultural land, it is intended that improvements such as soil erosion control, and hedgerow and fence removal, will be undertaken by the Province. The Province will also make provision for clearing and improving the 149,000 acres of Class 2 and 3 land acquired and approximately 121,000 acres which can be brought into production by farmers clearing on their own property.

It is intended that these functions will be undertaken by a Crown Corporation set up by the Province for this purpose. This *Land Development Corporation*, which will work closely with the federal agency, the Farm Credit Corporation, will be responsible for the administration and management of the pension scheme, land acquisition through pension or purchase, and all sales and lease transactions. Lands acquired will be consolidated by the Development Corporation, improved, and resold or leased as farm units or for the enlargement of existing farm units which are potentially economic. The Corporation will also, on request, make arrangements for clearing land owned by farmers who have the capability and intention to expand. The Land Development Corporation will work closely with the counsellors and trainers engaged in the farm program.

Satisfactory working arrangements will be established between the Corporation and the FCC to ensure that lending arrangements conform as closely as possible to FCC procedures; the objective is to have as much activity as possible undertaken directly by the FCC or alternatively to ensure the Land Development Corporation loans may be converted to Farm Credit Corporation loans at the earliest possible date.

The Corporation will be financed through the gradual build-up of a revolving fund. Outlays will be made for purchase, pensions, clearing, losses on loans, and administration costs. Income will include returns from sale at full cost including improvements (but not including interest), leases (at full cost), compensation for land not sold but transferred to other uses, compensation for pension payments, in excess of land value, mortgage interests and payments, and mortgage sales. Each year after netting these transactions, funds will be advanced to cover the expected outlays for the following year.

Trained farmers, willing to accept continued management advice, will be able to lease land on a renewable five year lease-option at the rate at which the Province borrows from the Federal Government under the Plan plus costs, or alternatively to take title, giving back to the Corporation a mortgage written on the same payment terms and rates as given by the Farm Credit Corporation. When the farmer and the farm qualify for a loan from another lender, such as the Farm Credit Corporation, the farmer will be requested to refinance his loan from the Land Development Corporation through such other lender. Loans for clearing undertaken by the Corporation will be secured by a second mortgage or other encumbrance and will be written up to a period of ten years. Interest will be charged at FCC rates and these loans

too may be taken over by the Farm Credit Corporation when equity requirements can be met. Those farmers presently established who have the capability and the existing equity to expand by using existing credit facilities would deal directly with the Farm Credit Corporation.

Farmers established under this program will be requested to participate in the National Farm Records system and it is intended that efforts will be made through the extension service to encourage all commercial farmers in the Province to participate in this system.

Agricultural Research: Agricultural research in Prince Edward Island rests almost entirely on the research programs of the Canada Department of Agriculture at the research station in Charlottetown and through the Centralized Research Development Program in other regions.

To make the most of the agricultural program, it is important that sufficient research efforts be directed to problems that are specific to agriculture in Prince Edward Island. Problems exist in the production of forage and cereals, and if the Island is to support livestock enterprises it is essential that varieties of cereals and forage production be developed for the Island environment. There is also a growing interest in special crops, i.e., horticulture crops, small fruits, corn and possibly soya beans. Research programs in this field should be especially tailored to test and evaluate existing varieties and selections of these crops and to develop new varieties where necessary.

To enable this expansion in Province-oriented research to occur and at the same time to ensure that optimum use is made of all Maritime agricultural facilities to the greater benefit of the region as a whole, it is intended that special financial and working arrangements will be made. The special additional research effort required over the 15 year period, amounting to about \$3,375,000, will be financed from the Fund for Rural Economic Development. It will however be administered by the Canada Department of Agriculture under programs developed by a Joint Federal-Provincial Committee and approved by the Joint Advisory Board. This arrangement will ensure that these funds, although spent in accordance with the Province's needs, will be allocated to whichever research centre of the region is most appropriate.

1.2.2 - Tourism and Recreation

BACKGROUND

In 1965, 247,000 tourists visited the Island, spending in the order of \$6,000,000 and contributing between \$3 and \$3.5 million in net value to the Island's economy. Over the past five years the growth in tourist numbers visiting the Island has been about 10% a year and it can be expected that there will be continuing increases of this order.

Because of the short season and relatively low rate of per capita expenditure, it is exceedingly difficult for private tourist operators by themselves to make the most of this traffic. There is a serious danger that, in the absence of positive alternative action, there could be an ad hoc growth over much of the Province of inadequate facilities which would aid tourist development only in the very shortest run; beyond that, they would make the province less attractive and detract from the good name of the province to the detriment of the future growth of a potentially lucrative tourist activity.

OBJECTIVES AND STRATEGY

The objective of the program, therefore, is to assist the development that must take place in the face of the pressure of demand and to provide the degree of regulation necessary to optimize the returns to the Island's economy. In particular, through the lengthening of the season, through the development of facilities that will encourage higher per capita spending, and through regulation and control to prevent unsightly development, the objective is to increase total tourist expenditure to \$18 million by the tenth year of the Plan.

The proposed development strategy is based on the fact that the tourist demand associated with camping, tenting, trailer parks, etc., is relatively unremunerative. Public expenditures will therefore be directed to changing the environment as a means of inducing private investments in facilities and accommodation which would be more extensive and would be oriented to broader tourist activities. An overall design concept will be applied throughout public tourist and recreational facilities in the Province, and will be related to the development of accommodation facilities which reflect both the economic and the physical limitations of the Province. As part of this activity, the Province will establish effective zoning and quality control to ensure that tourism makes the best possible long-term progress without conflicting unnecessarily with agricultural and other developments.

IMPLEMENTATION

To implement this strategy, a number of major capital expenditures will be made to consolidate tourist activities, to create a more attractive and extensive market, to induce investment of private capital, to expand the range of employment opportunities, and to upgrade tourist catering services. Except for the pilot activity funds required to March 31, 1969 the expenditures for this project will be authorized when the Province has established an effective program of zoning and quality control, including licensing, inspection services and penalties.

Consolidation of tourist activities will be through the development and control of five integrated recreational complexes. Three major centres will be constructed as focal points in the systems of looped drives following the coastline in the Eastern, Central and Western areas of the Province. Two other sub-complexes will be established in the region of East Point and Malpeque Bay. There will be centres of activity, each having recreational entertainment facilities, spacious recreation areas, attractive accommodation units and planned vacation cottage developments.

Public investments will be required to develop this series of complexes and to control and develop parkland, wetland and upland wildlife areas, wharf facilities and road improvements. Accommodation would be privately constructed on land leased from the public authority and all business within the recreational complexes would be operated as concessions. General planning control to preserve the natural environment of the countryside would be executed by the Province; this control is considered to be equally as important to the successful implementation of the concept as the capital inputs.

The estimated demand is such that a minimum of 6,000 new accommodation units may be required. To get these into place, two problems must be overcome. The first is to develop a design concept which will provide adequate and attractive accommodation on the basis of a capital investment which can be recouped over the short tourist season. Design concepts have already been developed but it is intended that architectural competitions will be held both to establish an overall design theme for the Island and to introduce variability in types of units within this theme.

The second problem is related to the lack of adequate credit facilities. Because of its remoteness from the main centres of normal commercial credit in Canada this is a

serious problem in the Province. Moreover much of the activity proposed is, in part at least, a departure from traditional approaches to tourist development and will have to prove itself before normal credit sources, as they become operative, will be prepared to venture very far in this field.

Accordingly, funds are to be set aside to lend capital to finance new accommodation units. They will have to conform to the design and location plans and private investors must be willing to put up a minimum of 40% equity. However, to the extent that the Industrial Development Bank provides financing, the commitment on the FRED fund for these activities can be reduced or cancelled.

In the further planning and implementation of this work, particularly in the areas of sport fishing, wildlife, and park development, Joint Federal-Provincial Working Groups will be established to advise the Management Group on policy and program requirements and to ensure co-ordination at the technical level. It is expected that the national park holdings will be extended and investments made in development facilities in provincial parks.

1.2.3 - Forestry

BACKGROUND

The value of output from primary forest operations is not a large element of the Prince Edward Island economy. However, 43% of the Island's land area is taken up by woodland and there is room for improvement in the management of this resource. The forestry program is therefore an important element in the general plan for optimum land use in Prince Edward Island.

OBJECTIVES AND STRATEGY

The main objective in the forestry sector is to establish general guidelines for development which are consistent with the optimum land use concepts of the overall Plan. Within this framework the economic objectives are to permit the implementation of long range forest management programs, thereby improving productivity in the use of the resource, and to rationalize the processing activities so that more productive use of forest products may be realized in order to maximize their benefits to the economy.

IMPLEMENTATION

In implementing this strategy, the first step will be the creation of a Provincial Forest Development Agency to oversee and organize the program.

The total amount of land that may become available to the F.D.A. will be some 400,000 acres, made up as follows:

Presently productive forest	- 239,200 acres
Unproductive forest	- 85,100 acres
Non-forest land	- 68,800 acres.

The presently productive forest area that comes available will be cut and planted so as to establish it on a 50-year cycle. This involves cutting and planting approximately 4,780 acres a year.

The acquired unproductive forest will be subject to stand improvement during the life of the Plan; this has been costed on the assumption that one-fifteenth will be cleaned each year at \$15 per acre. It is intended that half of the planting will be through self-regeneration; the other half has been costed at \$50 per acre including stock. The yield from cutting is expected to be low in the first few years, and it is estimated that revenue will amount to \$40 per acre cut (\$4 net revenue per cord at 10 cords per acre).

To implement this project will involve substantial efforts in management and administration. While there will also be economies from the consolidation of sawmills, the first priority is to improve forest management.

Program 1.3

FISHERIES

The fishery of the Province has a number of serious problems relating to both inshore and offshore activities and to processing activities. The limited resource base, the large number of small ports, and the over-exploitation of certain species, are all reflected in the low incomes from fishing and its seasonal nature. Certain species - mackerel, herring and oysters - are under-exploited. Finally, fishermen and the managements of processing plants need education and training opportunities, and this will allow the adjustment and change required to make the most of such development potential as does exist.

1.3.1 - Inshore Fisheries

OBJECTIVES AND STRATEGY

A reasonable objective for the individual fisherman is to raise the net value of production per worker to more than

\$9,000 a year by the end of the Plan period. This will require greater efficiency in handling, processing and marketing.

The supply of fish does not permit any appreciable expansion in total activity. Accordingly, good earnings for the individual will be possible only with a smaller number of fishermen. The essential strategy must therefore be to assist those fishermen who wish to move to other occupations in which they can improve on their present earnings. The necessary gains in efficiency will be possible for those who remain in fishing if major investments in improved wharf and other facilities are concentrated at major fishing centres.

For this Plan to be effective, active participation of the fishermen themselves must be encouraged and measures are required to enable the fishermen to play a major role at the primary and processing levels.

IMPLEMENTATION

Significant measures have already been taken. The Federal Department of Fisheries has begun a program of vessel registration and licensing of fishermen and the co-operative union has already suggested that consolidation of processing plants would lead to greater efficiency. Assistance will be provided for this consolidation to take place.

Under the Plan, the expansion of landing facilities will be concentrated in some 14 to 20 ports. At other points the federal government will continue to take appropriate methods as required to avoid hazards to life and property.

At the smaller number of ports it will be possible to provide adequate wharfage and harbour protection and to offer the following services on a fully commercial basis:

- (1) Storage capacity for bait;
- (2) Holding facilities for the catch;
- (3) Skidways to facilitate speedy repair.

As a result of preliminary analysis by the two Governments, a number of locations, in addition to the off-shore ports of Souris and Georgetown, have been tentatively selected for these services, and a few other locations may be added by further analysis. Such designations will have to be made before the expenditure of funds on this program.

It is anticipated that a number of families may wish to relocate in order to take advantage of the facilities offered by consolidation. In the few cases where this necessitates moves that cannot be adequately assisted under the Manpower Mobility Program, a special resettlement grant may be paid to assist these families in moving to the improved ports.

The effect will be to increase efficiency, quality and productivity, with some increase in the total returns from fishing and a substantial increase in individual returns for the people in the inshore fishery sector of the economy.

MEASURES TO RAISE INCOMES PER HEAD

The new federal regulation which licenses lobster fishermen will limit entry and therefore gradually reduce the number of fishermen. This will be a slow process however. The need for rationalization as the basis for higher incomes per fisherman, means that there should be some form of compensation to provide active encouragement and assistance to people who want and are able to leave the lobster fishery. The best arrangements for this purpose need to be discussed and worked out, but it is roughly estimated that an amount of \$1.2 million needs to be provided for this purpose in the first phase of the Plan. It is possible that with this assistance many of those presently fishing lobsters may leave to take advantage of better opportunities in other sectors.

On the development side, the Provincial Department of Fisheries will introduce fishermen to modern small unit management practices, and to gear improvements and fish handling techniques through the publication of a small handbook for fisheries. The Federal Department of Fisheries will participate in this work and, in particular, will continue the work of small boat design development to produce a shallow draft boat which could be used in the inshore ground fish and pelagic fisheries as well as in the lobster industry.

One of the key requirements for development is the provision of adequate training to fishermen and workers in the industry. There will, of course, be continuing efforts to increase the effectiveness of training in various phases of fish technology through the Occupational Training Assistance Program and through the fishery schools in the Maritimes. In addition, it is intended that a small extension-type program will be provided for interested fishermen. This will be designed to assist them to apply the results of federal scientific and technical research and will require the

establishment of a small technical unit, including business management capability, which would be available for advice and consultation.

1.3.2 - Offshore Fisheries

BACKGROUND

There are three offshore-oriented fish processing plants located in Prince Edward Island. Two plants located at Souris have a combined capacity of 28 million pounds while a third plant, located in Georgetown, has a rated capacity of about 60 million pounds of ground fish annually. Although the trend in offshore landings has been upward during the decade, it is estimated that in 1966 these plants, as a group, utilized only 30% of their rated annual capacity. The Souris plants, however, operated at about 54% of capacity.

OBJECTIVE

The objective of the measures to be implemented through this project is a modest annual rate of growth of about 4%. It is proposed to add herring reduction facilities in association with one of the plants, and the main effort will be on modernization of the processing facilities and on training to improve both the quality and the quantity of the product. It is anticipated that the volume of fishing will expand sufficiently to increase capacity utilization from the present level of 30% to 50% over 10 years.

IMPLEMENTATION

Capital expenditures will include the modernization of plant capacity, including additional equipment; the addition of freezing and holding facilities to aid in increasing rates of utilization of processing facilities; the improvement of the ice breaking capability of one large trawler on an experimental basis; and some additional wharfage facilities. More training will be provided for offshore fishermen and full advantage will be taken of the reassessments of stocks of fish in the Gulf of St. Lawrence currently being undertaken by the Federal Department of Fisheries.

To assist in building up the capability of the Provincial Government departments, a small technical team of people with a basic understanding of the problems faced by the fishing industry of the Island will be established. This development unit will co-ordinate extension work and other projects. It, as well as the department as a whole and fishermen and processors, will be able to draw heavily on work done through the market and products development activities outlined in Program 3.5.

PROGRAM 2 SOCIAL DEVELOPMENT

The objectives of the Plan are most easily measured in terms of growth, productivity, income and other economic indicators. The underlying issue, however, by which the Plan will finally be judged, is its success in broadening the range of opportunities open to the people of the Island and in helping to provide acceptable living standards throughout the Provincial economy. In other words, human resource development is just as much a part of the process as physical resource development. The Plan as a whole is socio-economic, not just economic.

PROGRAM 2.1

EDUCATION

The Province therefore intends, as an integral part of the comprehensive Plan, to embark on a major restructuring of the provincial system of education.

2.1.1 - Primary and Secondary Education

At present the Prince Edward Island system of primary and secondary education is physically and administratively decentralized. There are approximately 380 schools and 370 boards of trustees with financial and administrative independence. Entry qualifications for teachers are below the usual Canadian standard, and low salaries make it difficult to attract entrants to the profession in sufficient numbers.

OBJECTIVES AND STRATEGY

The basic objectives of the Province in undertaking this program are to improve the quality of education; to double the

proportion of students who complete Grade 12; and in general to give the people of Prince Edward Island a flexible education system capable of overcoming short-term problems and meeting long-term needs.

There are three key elements to the strategy proposed by the Province for achieving these objectives. The first is re-organization of provincial educational financing and full administrative integration of the system as a whole. This will permit continuous and flexible planning and more effective guidance of educational staff throughout the Province.

The second major requirement is the development of highly qualified teaching personnel through up-grading and in-training and through a realistic salary and professional structure. This, together with the full involvement of the community through the counselling services, will raise the status of education and educators in the community.

Thirdly, it is intended to take advantage of the opportunities provided by this total re-organization to develop a system based on the most successful modern approaches to education. If experiments presently being conducted by the Department confirm its desirability, this re-organization will include the development of a non-graded system of education whereby, through a new approach to curriculum design, class grouping will be tied to such criteria as career aptitudes, talents, and interests.

IMPLEMENTATION

This project will be implemented by the Province in two phases. The first phase is designed to broaden the administration of elementary and secondary education in order to support a fully modern comprehensive school system. The Department of Education will be re-organized and its professional staff upgraded. The financial responsibilities of local Boards and trustees will be transferred to the Provincial Government, and adequate salary structures introduced for teachers and professional staff.

Accompanying this will be intensive efforts to ensure local involvement on the basis of full access to information on the Development Plan. In many areas the schools will provide the focal point for community involvement, encouraging much more active participation in the broader educational process.

The second phase, which will begin no later than 1972, will be the development of the comprehensive school system designed to incorporate the latest and most successful developments in education. The intention is to provide an integrated system of comprehensive schools in selected locations in the Province which will provide for combinations of academic and vocational training based on the individual aptitudes and interests of the students.

2.1.2 - Post-Secondary Education

OBJECTIVES AND STRATEGY

The development of a well-rounded post-secondary education program is necessary to provide the widest possible opportunities to the people of the Province and is crucial to the achievement of the economic objectives of the whole Development Plan. The Province intends that the facilities provided will be particularly directed toward the needs of the Provincial economy and of the people of the Province.

To achieve this the Province is re-organizing management and administration to complete and implement a master plan for higher education. This will be done by the consolidation of the two universities into one institution and the establishment of a college of applied arts and technology. Both of these institutions will be encouraged to contribute to the developmental requirements of the Province. At the same time, the higher education system of the Province will be integrated with that of the rest of the Maritimes in order to ensure the broadest possible opportunities for all students.

IMPLEMENTATION

The Province has already taken an important step toward implementation of this program. Legislation introduced and passed at the 1968 Session of the Legislature has made possible the establishment of a single university for the Province and the development of a college of applied arts and technology.

In addition to providing the facilities, assistance to students is to be provided in the Plan to increase the participation rate; first by encouraging the completion of secondary training, and second by enabling them to proceed with advanced training. In particular, the program will provide for university scholarships and bursaries as well as bursaries for applied arts or technical courses.

PROGRAM 2.2

ADULT EDUCATION AND VOCATIONAL TRAINING

Approximately 50 per cent of the Island's labour force has not gone beyond Grade 8 in school, compared to 33 per cent for the nation as a whole. This is a major hindrance to the provision of better opportunities for those presently in the Provincial labour force and to the creation of a high performance, productive economy. Opportunities for people to improve their situation will depend upon education and training programs geared to meet a wide range of requirements. In addition, continuing efforts, through experimental approaches to adult education and training as provided by The Prince Edward Island NewStart Incorporated, are essential to more clearly identify personal needs and ways to meet them.

2.2.1 - Adult Education and Related Training

OBJECTIVES AND STRATEGY

The objective is to provide a means, freely available, to enable all people on the Island to obtain the basic education to be able to participate in the development activities arising from the Plan and to strengthen the interest of parents in providing the fullest possible education for their children. It will provide a variety of opportunities for self-improvement to permit individual achievement including, in suitable cases, opportunities to take further training for new occupational skills.

IMPLEMENTATION

To achieve these objectives, the Department of Manpower and Immigration will expand its adult occupational training program in the Province to enable adults for whom there are new economic opportunities to receive both skill training and basic training for skill development as required. These training programs will be worked out within the context of the development Plan. The Department of Manpower and Immigration will pay the province the costs of these courses and will pay income replacement allowances to people with adult economic responsibilities who are referred to full-time courses.

There is also a substantial need for part-time basic education courses. These will be offered at three levels, grouping primary, elementary and high school courses at decentralized locations as close to the homes of the students as possible. These courses, which will take place both in

the evening and during the day, will expand the opportunities for self-improvement and enlarge understanding of the Plan and the opportunities it offers. They will also be helpful to people who subsequently decide to go on to OTA training. Training allowances will not be available to persons taking these part-time courses.

The Department of Manpower and Immigration, under the OTA program, will finance all full-time and part-time courses whose objective is to increase earnings or employability. The remaining part-time adult education courses will be financed by the Province. The Adult Education Branch of the Department of Education will provide additional staff to develop curriculum requirements, direct and guide field workers, supervise the establishment of classes, provide pre-service and in-service training, and institute a continuous qualitative evaluation of the adult basic education courses.

Occupational guidance and counselling facilities for those completing the OTA program and the adult basic education program will be provided for by an expansion of the manpower counselling facilities of the Department of Manpower and Immigration.

Provincial staff will also be required to supervise the instructors in adult basic education classes and to carry out pre-enrolment and achievement testing and to evaluate testing methods.

2.2.2 - Vocational Training

OBJECTIVES AND STRATEGY

Vocational education will be a significant instrument in developing a high degree of labour mobility. It must be integrated with all other aspects of education and geared to both the present needs of the people and the future demands of the Province and the Region. This aspect of the program is aimed at developing a flexible integrated vocational education system; a Maritime Region approach to all aspects of occupational and trades training; and greater co-operation with industry in such fields as apprenticeship and on-the-job training.

In implementing these objectives the first step will be a reorganization of the present system of providing vocational training. The present Provincial Vocational Institute will be reserved entirely for such training together with adult basic education that is directly related to specific

occupational goals. Other adult education will be provided in small schools and other places throughout the Province. Selected non-trade and post-secondary applied arts courses will be transferred to the proposed college of applied arts and technology.

The changes in secondary education will provide industrial arts and vocational courses as part of the comprehensive school curriculum. The facilities of the Prince County Vocational High School could be worked into the Athena Regional High School and together these facilities would provide the comprehensive school for this area.

ADMINISTRATIVE IMPLICATIONS OF THE EDUCATION PROGRAM

The reorganization of Provincial administration and the reorientation of education and training will call for a very close working relationship between the Provincial administrators of this program and the federal Department of Manpower and Immigration. The success of both programs is geared to the smooth flow of people through the various parts of the total system. The system itself is geared to make a major contribution to the success of the overall Development Plan and failures in its operation would jeopardize many of the other investments contemplated in the Plan. For these reasons, the selection of both courses and candidates for the phases of training which will fall within the OTA Program will be worked out in close relation to the needs of the Island as they develop with the implementation of the Plan.

PROGRAM 2.3

HOUSING AND URBAN SERVICES AND DEVELOPMENTS

2.3.1 - Housing

BACKGROUND

A considerable amount of new housing will be needed on the Island because of the normal growth of population, together with an anticipated number (approximately 3,300) of rural families wishing to resettle, and the replacement of dwellings which cannot be repaired. It is estimated that there will be a total requirement of some 10,000 to 11,000 units of new housing over the fifteen year period.

In 1961 only 11 per cent of the heads of families earned incomes above \$5,500 a year. At these levels of earnings, good housing is at present well beyond the reach of much of the Island population.

OBJECTIVES AND STRATEGY

The basic objective is to ensure that the housing which is essential to economic and social development will be available at prices within the reach of Prince Edward Island families. In addition, the Province intends to play an innovative role in introducing new designs and in the planning and development of designated centres.

The Plan is not designed to encourage movement of population from the rural areas. On the contrary, every effort will be made to preserve the attractive rural character of the Island. For this reason, as well as for the sake of efficiency in servicing resource activities and in providing education and other community services, assistance to urban housing will be concentrated in some twenty to twenty-five communities.

It will be equally important, however, to ensure that farmers establishing themselves on productive farms are able to get housing. The land adjustment and agricultural programs will not be effective otherwise. Indeed, particularly in the early years, farmers will require housing assistance as much as people working in the designated centres. Because of the importance of the agricultural sector, it is imperative that farmers be offered the same opportunities and alternatives as others.

IMPLEMENTATION

There will have to be an appreciable element of subsidy for both home ownership and rental housing. The details of the program will depend on any future amendments of the National Housing Act. However, as a rough basis for calculating the funds needed, it is estimated that assistance at an average level of \$3,500 per unit may be needed on 7,000 of the new units and that, in addition, assistance may have to be provided for the improvement of an estimated 2,000 homes.

The federal contribution to the provision of this assistance is tentatively attributed in total to the Department of Forestry and Rural Development. To the extent to which any such assistance is, in fact, provided in future by CMHC, the departmental contribution will be reduced correspondingly. In any event, the program will operate in conjunction with mortgage credit obtained either through the CMHC mechanisms or direct from private lending institutions.

To ensure the most effective provincial input into the housing program, the Provincial Government intends that existing housing legislation, consisting of three Acts, will be consolidated into one Housing Authority Act.

A working group responsible to the Joint Advisory Board will be established to develop the details of the program. The working group will consist of representatives of the Provincial Housing Authority and CMHC, together with the Deputy Minister of the department of development, the Federal Plan Co-ordinator and representatives of the prime tenders.

2.3.2 - Urban Services and Development

In order to improve living conditions in the designated centres, it is intended that these centres will be provided with assistance to ensure adequate water supplies and disposal of waste. Funds are also provided for these programs of community improvement and urban renewal. These expenditures will be made within the framework of approved community and town and city plans as appropriate.

The expenditures under this program, while directed toward the improvement in living conditions, are important for recreation and tourism. A large part of the continuing attractiveness of the Island to tourists will be the overall impression created by the environment; and community design, together with pollution control, are essential elements of this environment.

PROGRAM 2.4

HEALTH AND WELFARE SERVICES

BACKGROUND

A high standard of health and welfare services is important to economic development as well as to the related progress in education and community adjustments. Poor health, and dependency attitudes to welfare, act to dampen the positive forces for change which other programs offer. Equally important, unless investments are at a level sufficient to solve the basic problems, expenditures in this sector are often wasteful.

At the present time, health and welfare services in the Province suffer to some extent from costly duplication of effort resulting from insufficient co-ordination with

services in education, correction and rehabilitation. Staffing arrangements and limited opportunities for staff training make difficult the implementation of advanced ideas both in health care and in the welfare field, and staff numbers are barely adequate to cope with the rising number of appeals for much-needed assistance.

OBJECTIVES AND STRATEGY

The objective of this program is to provide as efficiently and effectively as possible a level of health care for both the urban and the rural population which is equivalent to that available in other areas of Canada and to provide welfare which is geared towards arresting maladjustment and assisting rehabilitation. The effect of this will be to lessen future dependency upon transfer payments.

The approach to be used in achieving this objective is the creation of integrated complexes of helping services in each of the five provincial regions together with the organization of a hospital offering a full range of general and specialist medical services strategically located to serve the entire population of the Island. The service teams working from the integrated complexes will operate on three levels. The first level will be those services directed to prevention of illness by medical or social measures. Second level services will be directed to ensuring early diagnosis, treatment, and management of cases, to prevent personal and social maladjustment from further development once it has occurred. Third level services will provide the facilities for rehabilitation and support which allow treatment of an established disorder.

To ensure an acceptable standard of general health care locally available to the rural population, low cost clinics will operate in conjunction with a rationalized and upgraded network of smaller community hospitals. This, together with maximum efforts for counselling, rehabilitation and other support services offered through the integrated complexes, will enable advanced concepts of home care and supervision to supersede institutional care in cases where institutional services are not absolutely required.

IMPLEMENTATION

Further study in collaboration with the Provincial and Federal Departments of Health and Welfare is necessary to define the problem. It is intended to establish a joint Federal-Provincial Working Group (which will include the FRED Management Group) to formulate and recommend health and

welfare programs for the consideration of the Joint Advisory Board. The Province is aware of the need to achieve as many economies as possible in the administration of its Health and Welfare programs.

PROGRAM 3

RESOURCE SUPPORTING AND COMMERCIAL SERVICES

This part of the Plan makes provision for a number of programs required to support and assist developments generated in other parts of the Plan or to make full use of opportunities which will arise through implementation of the Plan.

PROGRAM 3.1

TRANSPORTATION

BACKGROUND

Transportation demands characteristic of Prince Edward Island are: an inward movement, principally by rail and ferry, of bulk commodities such as aggregate, fertilizers and building materials and a much smaller movement, in weight, of manufacturers; a heavy outward movement of potatoes, again mainly by rail and ferry; and a heavy tourist influx, confined largely to July and August.

The characteristics of the transportation systems which serve the Island are as follows. About one-third of the extensive road network is paved. However, only a small proportion of the system is of all-weather arterial standard. Consequently, movement of heavy trucks is disrupted for a few weeks each spring. The rail system serves all major centres of population and is important in bulk commodity movements. The two ferry systems provide the vital, regular links to the mainland, but also impose severe constraints on fast, efficient movement of both people and goods at certain times of the year. The Borden-Cape Tormentine run offers year-round operation but winter passage is often considerably slowed by ice conditions. Also, there is often congestion during the summer months. The Wood Island-Caribou service operates only from May to December. It also is severely

congested during the tourist season. Both Charlottetown and Summerside have regular air connections with Moncton, Halifax and Montreal. There is need for improvement in the frequency of service and in the establishment of good connections with other intra-regional and out-of-region flights.

Although efficiency and a high level service are requirements for all of the Island's transportation systems and facilities, the needs of economic development call for especially close scrutiny of the adequacy of the highways and ferry systems. Sufficient capacity is essential to the increased flow of exports which will come with development.

FERRY SYSTEMS

With the introduction of the *John Hamilton Grey* onto the Cape Tormentine-Borden run, the three ferries on this run (*Grey*, *Abegweit* and *Confederation*), have the capacity to carry about 2,680 vehicles (one way) every 24 hours. Weekly, the three ferries will be able to carry about 22,000 cars (one way). If the *Confederation* is extended to provide for an additional 50 vehicles each trip, this total becomes 3,280 every 24 hours. Northumberland Ferries Limited operates two ferries from Wood Island, Prince Edward Island, to Caribou, Nova Scotia. Both vessels are modern, have a capacity of 60 cars each, but operate only from May to December. It is estimated that they can carry a combined total of about 5,500 cars a week (one way). Thus, the two services have a theoretical combined one-way capacity of approximately 24,000 vehicles a week, operating 24 hours a day, or 28,500 if the *Confederation* is enlarged.

While these figures represent a theoretical maximum, they by no means represent effective capacity, nor can they be used to calculate an acceptable level of service. The demand for the crossing service is not uniform over the 24 hours of any day nor is it the same every day. The period of greatest demand for ferry service is in July and August and by far the greatest component of demand during this period derives from tourism. Tourism has been growing rapidly in recent years and recent projections made by Stanford Research Institute indicate that for the Borden-Cape Tormentine service there will be an annual demand by 1970 of 275,000 vehicle spaces of which 152,000 will be in the summer peak period.

Given the historical arrival pattern of these vehicles, Stanford Research Institute has calculated that, if the long delays currently being experienced are to be reduced to an acceptable level (a maximum delay on the seven most difficult days of no more than one hour), two new summer ferries of the roll-through type, each having a capacity of 120 cars, are

needed now in addition to the existing fleet of three vessels. The addition of these vessels would maintain this improved level of service until 1972 at which time a further summer type ferry will be required.

With careful ferry scheduling, these new vessels can be added with no increase in present docking facilities. In order to facilitate the rapid loading and unloading of vehicles, proper car park facilities are being provided at Borden and Cape Tormentine. Continued expansion of the ferry fleet will ultimately require additional ferry slips and it is estimated by Stanford Research Institute that these will be required in 1979 if this improved level of service is to be maintained.

The cost of improved ferry services, or of a causeway as an alternative, is treated as being separate from the Development Plan.

HIGHWAYS

The road needs over the next ten years have been carefully reviewed in the light of the requirements that will be generated by growth of activity in each of the economic sectors. The highway plan provides for the construction, rebuilding and improvement of 570 miles of roads.

The network of improved roads comprises a feeder system of market and service roads leading to an arterial east-west collector highway. It serves all resource sectors, and provides the links necessary for rural development. It permits perishable food products to be distributed to central markets and to processing or storage plants and it also gives producers all-weather access to service centres. The network is therefore essential for the primary producers of the Province and for the economic establishment of farming, fishing and tourist operations. Any major changes in utilization of rail services in the Province will obviously have important implications for the highway program and the program will be reviewed if and when necessary in the light of such changes.

3.1.1 - Resource Highways

The requirements for resource highway improvements are derived directly from the changes in quantities and patterns of production in the agriculture and fisheries sectors and from new patterns of tourist flow which will result from the recreation and tourism projects. Expenditures under this project therefore will be dependent on activity in these other sectors.

On the basis of present forecasts of such activity the Plan makes provision for expenditures on construction and improvements to some 375 miles of roads to service agriculture, 34 miles for recreation and tourism and 70 miles for fisheries. Depending upon standards required costs may range up to \$125,000 per mile.

3.1.2 - Collector Highway

The arterial east-west collector highway has already undergone substantial improvement over much of its length under a program of assistance provided by the Atlantic Development Board. There are, however, about 66 miles which remain to be improved and this work is included in the costs of the Development Plan.

PROGRAM 3.2

POWER

BACKGROUND

Prince Edward Island is a small isolated market and all the electricity consumed on the Island must, at present, be generated locally. In addition to this, a large rural population and single phase distribution, because of the light loads, has led to high cost electricity. Until the market is increased the Island cannot benefit from the economies of scale. The absence of large industrial enterprises in the Province also creates a problem in that the power system does not have a steady demand.

STRATEGY AND OBJECTIVES

The program has three broad objectives. First, to overcome the handicaps of a small market and small units of generating capacity, it is hoped to connect the Island to the Maritime power grid thereby achieving a level of power costs more in line with those prevailing in the other Maritime Provinces. Second, it is intended to transmit power on more acceptable terms into those areas of the Province which will become the focal points of development activities under the Plan. Thirdly, it is intended to increase the penetration of electricity into the local energy market as a means of achieving a high utilization rate of generating capacity.

3.2.1 - Supply of Power

Inter-connection with the Maritime power pool would rid the Province of many of its electric power problems. The Island would become part of an industrialized market for power for 1.5 million people and be able to receive adequate lower cost power from mainland power stations. Small costly stations would no longer have to be built in the Province.

There are several alternative methods of inter-connection, on which detailed studies are available in a report entitled "An Appraisal of Future Power Supply Alternatives for Prince Edward Island", by the Engineering Branch of the National Energy Board.

As an illustration, rather than as a firm estimate, an amount of \$6.4 million is included in the projected costs of this Plan during the second phase.

3.2.2 - Conversion of Single-Phase Power Transmission

The central distribution system for the Province is single phase because the load density in rural areas does not provide enough revenue to justify three-phase circuit distribution. Three-phase distribution is available at all the main towns and villages and the Maritime Electric Commission will provide three-phase supply when the revenue justifies the capital expenditure.

Three-phase power transmission, however, is not available at two of the focal points for concentration and development of fish processing activity under the Plan. An amount of \$200,000 will be committed to pay a portion of the cost of conversion for these two communities and to provide a reserve if it should prove practicable to develop other points not at present served by three-phase transmission.

PROGRAM 3.3

INDUSTRIAL WASTE DISPOSAL AND WATER SUPPLY

Because the Island must rely heavily on farming and tourism, there has to be a careful control of water supply and of effluent. While a substantial measure of control is built into the integrated land management program and the housing program, additional control is required to eliminate industrial pollution and to reduce waste of water in industry.

The processing industry is carrying out insufficient waste treatment before discharge of effluent back into water

sources. This is responsible for most of the water pollution on Prince Edward Island.

The Province accepts responsibility without reservation for applying policies to effectively prevent any occurrence of the problem in conjunction with additions to processing capacities and, for the future, will insist that new industries incorporate adequate treatment facilities into their initial capital costs. A careful examination, however, of the financial position of the three major firms responsible for the bulk of existing pollution, confirms their financial inability to construct adequate industrial waste treatment facilities. This, together with the fact that such pollution is jeopardizing other objectives of the Plan, makes it necessary for the Province to provide assistance for the construction of facilities for these plants.

On the question of water use, engineering reports indicate that more economic water use in food processing plants could be combined with more efficient operations. The Province accordingly also intends to move toward preventing wastage of water by industrial users.

PROGRAM 3.4

MANUFACTURING AND PROCESSING

BACKGROUND

The total manufacturing sales of Prince Edward Island firms are at present under \$15 million. The estimated labour force of 3,300 in 1964 earned an average annual wage of \$3,190. As may be expected, this sector leans heavily towards processing and handling raw materials from the Province, particularly agricultural products. Establishments are small, with 75% of firms having sales of less than \$500,000 per year. A survey of available and usable capacity in the Province indicated that, with the exception of Canada Packers Limited, most firms were operating below 50% utilization with some companies operating at levels as low as 20% of full capacity.

Many problems are identifiable. These relate to entrepreneurial ability, technical knowledge, and availability of risk capital in the Province. There are also distribution and supply problems.

RELATION OF MANUFACTURING SECTOR TO THE REST OF THE DEVELOPMENT PLAN

For the people of Prince Edward Island personal income per capita can fluctuate by as much as 10% annually as a direct result of changes in potato prices alone. The development program in the resource sectors will in itself do nothing to reduce this instability. There is need for a program in manufacturing aimed at the creation of a larger volume of non-seasonal employment. Also, alternative employment will be required for people who choose to leave resource occupations. Many of these will be older members of the labour force, and will wish to remain in the Province.

Finally, it should be emphasized that a greatly increased agricultural output will not be readily sold without improved productivity and some expansion in the processing industry. This is crucial for the development and exploitation of new markets, and therefore for the success of the Development Plan as a whole.

OBJECTIVES

In the light of the considerations noted above, a degree of industrial growth is imperative. The objective is to achieve an annual rate of growth of the order of 10% over the first 10 years of the Plan, leveling off to somewhat less than this in the last few years of the Plan.

This annual growth rate is roughly divided between an anticipated normal growth of 3%, an induced growth in existing industries of 2%, and growth in new industries of 5% a year. This would mean increasing the net value of production from approximately \$12 million to \$37 million by 1976 and \$66 million by 1983. It would thus be possible to increase employment from 3,300 to 6,500 in 1976 and 8,300 by 1983, while increasing the net value of production per worker in the sector from \$3,640 to \$5,700 in 1976 and \$7,100 in 1983.

STRATEGY

The first priority is to bring about technological and educational improvements in existing undertakings in order to raise productivity and strengthen the structure itself.

Another measure directed towards the existing structure will be to ensure a degree of integration of physical plant, to permit economies of scale. In view of the size of the Provincial Government's financial involvement, particularly in the food processing industry, this can be accomplished

fairly easily and the Government is already moving in this direction.

A second order of priority will be additions to the manufacturing base itself, to add greater potential for growth and a higher degree of diversification. This will require the expansion of resource-oriented manufacturing in all areas in which the Province possesses advantages relative to other parts of Canada. Much of this expansion will occur automatically once the primary sectors are expanding at high levels of productivity. It is intended, however, to pursue a number of linkage possibilities which are known to exist in food processing, housing and other areas. Finally, research to date has indicated that in the Province there exists a range of secondary manufacturing opportunities which could be profitably exploited.

The following projects will be required to implement this strategy:

3.4.1 - Industrial Financing

The program does not involve additional financial inducements to industry, but a source of capital will be required which can be used to stimulate the exploitation of known opportunities. This capital will be provided through a revolving fund permitting public participation on a flexible basis in profitable undertakings covering all sectors of the economy, and in particular manufacturing.

In all cases, the fund would be used as a residual source of financing. All money would be fully recoverable by the fund, on commercial terms worked out in advance. The revolving fund would be used only for self-liquidating ventures.

There will be three levels of control over expenditures from the fund. The first will be the Federal Treasury Board control of the allocation and commitment of federal funds to the support of the manufacturing program, after the details of the projects for this program have been recommended by the Joint Advisory Board.

The second level of control is the Joint Advisory Board itself. The FRED Management Group will prepare, for consideration by the Joint Advisory Board, an annual budget for this project setting out estimated amounts and direction of expenditure over the coming year.

At the third level, individual investment proposals will be examined in detail by a review board at the time of their submission by the initiating agency. This review board will consist of the Deputy Minister of the new department of development, a senior departmental official concerned with industrial incentives and assisted by the Federal FRED Plan Co-ordinator, and such other federal officers as required. The release of funds at this stage will be for action.

On the basis of work done to date, a number of possible investment opportunities have come to light. For one or two, the details of the investment program have already been worked out. For others, the feasibility studies have been done but the details of the project are not yet completed. For the rest, preliminary feasibility analysis has indicated strong potential and the feasibility analysis in depth has either begun or will shortly be undertaken. These investment proposals include:

It is intended that approximately \$4.0 million of unallocated funds will be added to the amount allocated above, bringing the revolving fund for financial assistance up to a total of \$9.7 million. This money will be made available, and the fund committed, for an initial period of three years only. Continuation will be subject to an intensive assessment and evaluation of the impact, successes and weaknesses of the project.

3.4.2 - Technical, Engineering, Special Training and Management Assistance

To develop management and production capability on the Island, to improve and expand the operation of existing industries, and to exploit potential linkages, a continuing program is required to provide, in government, the capability to do research and feasibility analysis and to provide special training, assistance and advice where required.

While the FRED Management Group must maintain some responsibility for the overall direction of development in the manufacturing sector, it is important that the Provincial Department of Industry assume responsibility for the required feasibility studies, analyses of linkage effects, and guidance for industrial promotion. Furthermore, a team will be required to work directly with managers and self-employed owners to provide technical, training, engineering and management assistance to improve quality of service and efficiency of production, plant operation and management control.

Of the funds to be made available for this project, approximately \$1.0 million are earmarked during the first phase of the Plan, for the special training aspects required to ensure the success of specific business ventures if such training cannot normally be met under Program 2.2.

3.4.3 - Location of Industry and Industrial Park

To exploit the overall efficiencies resulting from concentration it is intended that as far as possible the development of manufacturing will be encouraged to locate where centralized services have been developed to meet needs in other sectors. To encourage orderly industrial expansion in Charlottetown an industrial park will be developed on land set aside for this purpose.

PROGRAM 3.5

MARKET DEVELOPMENT AND SHORT TERM CREDIT

3.5.1 - Credit and Resource Industries

Farmers and fishermen currently obtain credit from the banking system, from the credit unions, and by utilizing a wide range of trade credit which is available from suppliers and buyers. In addition, some working capital comes from personal savings.

Studies of agencies lending to farmers and fishermen indicate that serious problems exist in the provision of short-term credit to meet agricultural and fisheries needs.

First, the amounts of short term capital available are generally inadequate. Second, the cost of such credit is, in most cases, very high. Thirdly, trade credit arrangements quite often influence the farmer's position in the market by either restricting the outlets available to him, or by influencing the price which is paid for his product or which he may pay for materials used in his operation.

To set maximum results from the public investment in the Development Plan, means must be devised whereby the supply of short term credit can be increased, its cost lowered, and the adverse side effects mitigated or removed.

For this purpose the existing provincial lending agency now handling long term funds will be replaced by a new lending agency. This agency will collect and turn over to the Province payments on its existing loans outstanding. But its main function will be to guarantee losses on short-term credit made available, once the Plan is in operation, by the banking system and by improved credit institutions willing to comply with the aims and conditions of the Plan. Funds advanced by trade credit sources will not be covered through government guarantee.

Mechanisms will be developed to integrate the operations of the new agency into the overall development program in agriculture. Internal government arrangements will also seek to co-ordinate short term operations and long term credit operations carried out by the Farm Credit Corporation and the Land Development Corporation.

To ensure that a gap in credit provisions does not prejudice the objectives of the program, it is proposed to allocate to the new Provincial lending agency the following amounts as requirements are built up:

- (1) \$4 million to be available to pay to banks and other credit agencies, for losses on loans approved in the future under the program conditions outlined,
- (2) \$2 million to be made available as a loan to such non-bank institutions as are approved within the program, to increase liquidity and enable them to play a more significant role in the short term lending field;
- (3) \$150,000 as a grant payable over three years, to assist with the costs of institutional consolidation and the build-up of top managerial ability.

3.5.2 - Potato Quality Improvement

The objective of this project is to improve the quality of potatoes produced and marketed by Island farmers. To accomplish this a marketing agency will be established with central grading, packaging, and warehousing facilities, which will make possible the marketing of high and consistent quality potatoes, produced and marketed by farmers in the Province. It is intended that the Market and Product Development Centre, outlined in program 3.5.3, will play a major role in guiding the Agency's operations.

To provide financial backing in the early developmental stages the Agency will be eligible for loans under project 3.4.1 to permit it to cover losses, if any, which might be incurred in the early years. The project does not provide for subsidy payments to producers.

3.5.3 - Market and Product Development

OBJECTIVES

The objective of this project is to establish a Market and Product Development Centre in Prince Edward Island, to:

- (1) Undertake marketing research and promotion for products which the Island can produce;
- (2) Research the development of new products based on the existing resources of the Island;
- (3) Explore the possible linkages arising from all products, whether they are imported into or produced in the Province.

The Centre would provide information for individuals and groups with supply, marketing and production problems. The various Extension Programs in Agriculture, Forestry and Fisheries will provide firms and primary producers with information as to the results of the research programs.

IMPLEMENTATION

Because of the uniformity of many of the products of the Island economy, and because of the possibilities for economies of scale and increased effectiveness, it is intended to concentrate these activities in a Centre rather than to attempt to encourage individual departments and agencies to build the competence required in this field. One of the main activities of the Centre will be close liaison with, and use of work done by, research centres in the Maritime region. There are obvious economies of scale in a regional approach to these activities. In fact, in the light of possible future growth of activities in market and product research and promotion in the whole Maritime region, funds are suggested for this project for the first phase only. Decisions about the scope and direction of the Prince Edward Island Centre will be reviewed towards the end of the first phase, in order to define more clearly the Centre's role in relation to concurrent developments throughout the Maritime region.

PROGRAM 4 IMPLEMENTATION

Essential to the successful implementation of the Plan are a central co-ordinating body; high capability in the operating departments of government; and strong, competent local organizations able to stimulate and make effective, the widespread participation of the people for whom the development process exists and who, in the last analysis, are the people who will make it work.

PROGRAM 4.1

PLAN MANAGEMENT

The Premier of Prince Edward Island will have the general responsibility for the successful, integrated progress of the Development Plan. For this purpose the Province of Prince Edward Island intends to establish a Government department of development. The Premier will be the Minister and will exercise his responsibilities for the Plan through this Department.

These responsibilities and functions include planning and program development, co-ordination of the activities of the various provincial government departments involved, evaluation, and general direction of all projects implemented by the Province. The Department will be directly responsible for activities that service the Development Plan as a whole, including the programs for staff development, participation and evaluation (program 4.2, 4.3, 4.4); it will directly assist other departments to organize for implementing programs within their area of responsibility. The Federal Developmental Grant will be paid to the Department.

The Provincial Treasury Board, as its staff is built up and the organization developed, will be responsible for the internal administrative monitoring of the provincial programs and projects within the Plan.

PROGRAM 4.2

PROVINCIAL GOVERNMENT ORGANIZATIONAL AND STAFF DEVELOPMENT

This program provides a two-pronged approach aimed at restructuring the present provincial administrative organization in phase with developments and needs arising out of the Plan. The emphasis is placed on promoting highly co-ordinated responsive and efficient performances throughout the provincial administration. By the end of the first phase of the Plan this restructuring should be complete.

4.2.1 - Administrative Development

It is intended that, during the first phase, the Agency will be responsible for ensuring that key staff are made available to the operating departments and will finance and operate, in co-operation with the departments, staff training measures to upgrade and maintain existing staff. At the end of this period, when re-organization of the public administration has been completed, such staff will be employed directly by the various departments.

Over the first phase of the Plan, and covering all government services, the Department will provide financial support for the addition of new staff capabilities. To achieve this, four programming units will be created and integrated into the existing administrative structure of the government. Additional staff will be recruited through the Department and, together with personnel drawn from existing departments, will form the nucleus of these programming units. These are to be, essentially, planning units for groups of operating departments. Their role is to co-ordinate existing programs and operational policies with overall economic, social and financial planning within the Province. Each unit will:

- (1) Organize and oversee new program and special project preparation and relate them to existing programs;
- (2) Determine measures for implementing new policies, procedures and programs;
- (3) Co-ordinate technical assistance activities.

These units will have small staffs composed of administrative and professional specialists with qualifications paralleling the field of specialization of concern to a particular group of departments. The programming units of each of the four departmental groups (or "divisions") to be assisted under this project will have, on average, a staff of six professionals. The direct staff costs plus a small operating budget will amount to \$165,000 per year for each unit.

4.2.2 - Government Staff Development and Training

Particular attention is to be paid to training the present staff. Systematic in-service training programs or executive development programs do not now exist nor have they been available. Staff training will therefore be required to establish and maintain fully competent and effective staffs. The training activities are to fall into three broad categories:

- (1) An educational leave and grant program for Post-graduate training;
- (2) In-service training;
- (3) General staff development.

Training of the first type will provide opportunities for specialized study at the master's degree level. In-service training, through residential staff seminars, will be chiefly oriented to the specialized problems of administration and service arising from the Province's development efforts. The third type will enable staff members to acquire additional skills through auditing of short courses and sessions at university levels, and to attend special university or official seminars, professional meetings and conferences. There will also be an exchange program, whereby senior staff members may spend from four to six months in intensive observation and participation in the programs of other agencies in Canada and elsewhere.

The costing allows for \$500 a year for each staff member who enters into the training program. It is expected that a total of 225 will participate in this program. Facilities and administrative support for elements of the staff development and training services are provided for in the program for higher education. Since these training services will be required for the Plan's implementation, priority is to be given for the establishment of this university based residential training facility.

One of the purposes of this program is to assist in the implementation of the recommendations of the Royal Commission on Bilingualism and Biculturalism.

PROGRAM 4.3

PUBLIC PARTICIPATION AND INVOLVEMENT

OBJECTIVES AND STRATEGY

Projects and activities under this program seek to achieve a new level and type of public involvement in the shaping of society in the Province. It is the people of the Province who will make the development goal a reality. Effective public participation and involvement arise from the quality of leadership in non-government organizations, aided by enlightened and broadened perspectives among the public at large. Accordingly, the projects under the program are designed to assist in the widening of perspectives and the development of leadership and organizational capacity in citizens' groups.

The strategy underlying the Plan's efforts in public participation is to use voluntary associations on the Island, supported by a staff of professionally qualified counsellors, to carry the Plan and the nature of its benefits to the public at large, and to provide feedback on public reaction and the ideas the people have about the Plan to the provincial government and the Management Group.

More specifically, these associations along with the counsellors, will develop with the collaboration as required of provincial staff, special programs in community counselling, homemaking, youth development, leadership and organizational training, and other types of community services not ordinarily included in government programs. These associations will also assist in identifying community problems and developing alternative approaches which might be used to overcome them. In all of these efforts these associations will have available for their guidance and assistance a team of six professional community resource development workers.

It is intended that the Department will carry direct responsibility for financing this program, but the arrangements will be reviewed in the light of the desires of the strengthened local groups and of the restructuring of the public administration.

4.3.1 - Public Education Counselling and Community Involvement

A number of key sector programs in the Plan have been prepared in close collaboration with local groups in the Province. For the Plan to be fully effective, however, it is essential that the residents of the Province be fully aware of the objectives and opportunities offered by the Plan. To assist in achieving this objective, the Department will oversee the implementation of a public information project, outlining the objectives, opportunities and processes of planning and implementation, and indicating the roles of both levels of government, local organization and others participating in and affected by the development process.

This project will be broad enough to encompass the information requirements of all sectors of the Plan, including education, agricultural extension, and health and welfare. In doing so, all information needs of the Provincial Government with respect to the Plan can effectively be met through a single information unit.

For counselling and community involvement activities two units will be established under this project. The first will be a counselling unit with field teams whose primary goal will be to facilitate the participation of residents of the Province in the various provisions of the comprehensive Plan.

A core staff of professional counsellors will be available to answer requests from residents for professional services in various areas. This staff will be centrally located and available to all of the field teams for consultation as required. Local workers will be recruited and trained and, under their team leaders, will answer inquiries about the Plan and seek out persons who might wish to take advantage of the Plan's provisions.

The second unit is composed of six professional resource development (RD) workers. While the counselling teams will be seeking out people to participate in the various provisions of the Plan, and facilitating their entry into various programs, the RD workers will be assisting local groups and organizations in the identification of community problems. They will work out, within the limits of the Plan, possible solutions or programs which might alleviate these problems, and assist the local people in implementing the solutions. While attached to the university, or to the Rural Development Council, the RD workers will have a motivational role with a high degree of autonomy and responsibility.

In order to ensure proper integration between the general participation of the people of the Province in the Plan and their movement to particular new employment and training opportunities as these arise, the manpower counselling staff of the Department of Manpower and Immigration will be increased to provide additional resources as required. Provision will be made for increasing the counselling staff of that Department and keeping them fully briefed on the Plan and their role in it.

4.3.2 - Voluntary Institution Support Services

Direct support is to be provided to voluntary organizations for the conduct of community services and developmental activities in local areas throughout the Province. These projects, unlike those in resource sectors which aim primarily at increasing productivity, are designed to assist both rural and urban residents in coping with the accelerating pace of economic and social adjustment and taking advantage of local development opportunities. In some cases the community resource development workers will assist in these programs; in others they will be carried forward entirely by the local organizations.

The organizational function will be carried out by the voluntary associations, especially the Rural Development Council, a chartered voluntary group that has already worked extensively for community and social development in the Province. It is expected that other organizations such as the Prince Edward Island Soils and Crops Association, which has also been particularly active in promoting worthwhile activities, will be receiving some support.

PROGRAM 4.4

EVALUATION

BACKGROUND

The purpose of the Agreement is to make possible a planned and integrated series of programs directed to agreed priority objectives. Without the commitments made in the Agreement on a program basis rather than by annual item by item decisions, long range development planning would be impossible.

The administrative and financial control measures in the Agreement ensure, however, that the amounts and directions of actual expenditures are based on performance and on the actual requirements in a changing situation. The committed

funds are not spent automatically on a fixed series of programs but according to results and program needs which are continually evolving.

A central element in the success of this approach is full, reliable, and timely evaluation. Accordingly provision is made to incorporate evaluation procedures directly into the developmental planning process. These will be the joint responsibility of the department of development and the Federal Department of Forestry and Rural Development, to enable evaluation procedures, data collection, and systems development to be compatible with those under preparation for other development measures across Canada.

OBJECTIVES

The overall objective of the evaluation system comprises two broad aspects: to measure the extent to which expenditures are successful in meeting the goals of the Plan; and to permit programs and projects to be adjusted and managed to achieve maximum benefits at all times. While the system itself is highly technical, it will generally enable government to determine the ways in which the programs are benefiting the people of the Province, and provide guidelines for increasing such benefits and for changing programs to meet changing needs.

Specifically, the objectives of the evaluation system for the Prince Edward Island Development Plan are to:

- (1) Show how the programs in the Plan relate to the changing economic needs of the Prince Edward Island economy;
- (2) Given the Plan's sectoral objectives, show the degree to which the objectives are achieved;
- (3) Show the relationship between sectoral programs and the additional benefits derived from co-ordinated planning between sectors;
- (4) Show the relationship between programs chosen and alternative programs;
- (5) Indicate areas in which the most productive additional efforts might be made.

4.4.1 - Project Monitoring

Project monitoring is an integral part of project control. A project monitoring system for the Prince Edward Island Plan will enable those responsible for the control of

financial expenditures and receipts to keep themselves fully informed about the physical progress of the work and the progress of financial expenditures and receipts for each ongoing program and its constituent projects. The system will also allow the physical progress of work to be correlated with the progress of financial expenditures.

Systems will be devised to permit the fulfillment of the above functions. They will include the establishment of a data bank compatible with that in Ottawa for storage of data and the development of related analysis techniques to handle the data. The systems will be essentially computerized accounting systems and will have to satisfy two specific needs. The first is to collect data, both about apparent outputs of projects and their financial situation. The second is to issue periodic reports on project status with suitable warning devices for such occurrences as over-expenditure.

Project monitoring, including staff remuneration, will cost approximately \$100,000 per annum. In the first two years of Plan operation, part of the annual project monitoring budget will be devoted to systems work in provincial departments including the department of development. With the completion of provincial administrative organization, most of this activity will be undertaken by departments, and costs will become a part of the normal operations overhead of the government.

4.4.2 - Project and Program Evaluation

The evaluation process must depend upon the length of time which has to elapse before benefits accrue to a particular program. This lag will vary in duration from program to program. Some programs will not be evaluated until about three years of the Plan period have elapsed. Others will not be able to start being appraised until five or six years have passed. The process will require an examination of both equity and efficiency considerations for each sector. The system will measure progress towards overall plan objectives.

To ensure that evaluation results will be available as soon as possible, there will be continuing work throughout the Plan period to identify program contributions to achievement of objectives; to define effectiveness criteria; and to specify appropriate evaluation models for measuring and evaluating programs. Statistical estimation will be made from a social case registry to be established and from sampling where possible.

Evaluation of projects in some programs, for example in transportation and housing, will require detailed feasibility studies involving sector models. Such work will require specialist staff for short periods. It is proposed to make use of consulting services where appropriate.

4.4.3 - Overall Plan Evaluation

The various parts of the Plan focus on the major sectors of the Prince Edward Island economy but the total effect on income, employment and social development will be different from the sum of the parts. Inter-industry relations and greater consumption by households out of increased income produce the need for a macro-analysis of impact.

The Technique for Area Planning, a simplified input/output model, is a method appropriate for studying the impact of the Plan on the Provincial economy. The TAP method can handle all the important provincial inter-industry relations and can incorporate structural change without great difficulty. The necessary cross-section data from business firms will be easy and inexpensive to collect due to the small number of firms in Prince Edward Island.

Accordingly, it is intended to construct a TAP model of the Provincial economy within the first year of Plan operation, using the services of consultants. In addition, provision will be made for preparation of a set of social accounts for the Prince Edward Island economy. This is a necessary first step in the construction of aggregate demand and econometric growth models of the Island economy. The preparation of a social accounting matrix will begin during the first year of the Plan. Efforts will be made to undertake this work in a manner which will result in consistency between these models and models developed for the Atlantic Region as a whole.

Work on the above macro-models will begin soon after the Plan goes into operation, in order to have results available as soon as possible. Some attempts at construction and filling of these models will be made throughout the first phase of the Plan to ensure that, by the end of that stage, a viable macro-model will be available. Obviously the earlier these models are available for use, the greater their benefits will be.

ADMINISTRATION AND FINANCE

The Comprehensive Rural Development Plan for Prince Edward Island is a joint federal-provincial undertaking. Successful implementation of the Plan necessitates the creation of an organization for federal-provincial co-ordination. This will consist of an administrative structure and a joint procedure for the formulation, approval and control of programs and projects.

ADMINISTRATION

To head the administrative structure, a small Federal-Provincial Joint Advisory Board will be established with equal representation from each government. This Advisory Board will meet not less than twice a year to re-examine the objectives of the programs and evaluate the progress of the Plan. The Board will recommend all programs, approve all projects and annual budgets and financial forecasts, examine the suitability and success of programs and projects and, where required, recommend modifications designed to improve the overall implementation of the Plan. The Board will also guide the work of the Management Group.

Management Group

This Group will be headed by the Deputy Minister of the new department on the Provincial side and by a Plan Coordinator on the Federal side. The Management Group, under the guidance of the Joint Advisory Board, will define priorities, prepare programs and projects, and review and guide their progress. With the assistance of the information flow from the evaluating measures, the Management Group will ensure the necessary flexibility in implementing the Plan in response to changing conditions.

PROVINCIAL

The Premier of Prince Edward Island will have overall responsibility for the implementation of Provincial programs and projects within the Plan as described in Program 4.1.

FEDERAL

The general responsibility for implementation of the Plan at the federal level will rest with the Minister for Forestry and Rural Development, who is to be the Minister responsible for regional economic expansion. The Minister and his senior officials will be responsible for ensuring co-ordination at the Ottawa policy level in the implementation of federal programs.

The Plan Co-ordinator in the Province will establish and preside over co-ordinating committees, consisting of representatives of the federal departments involved in the implementation of the Plan. The Plan Co-ordinator will be responsible for securing detailed program co-ordination and co-operation between agencies of Canada which administer programs contained in the Plan, or whose activities in the area affect the implementation of the Plan. He will co-operate directly with the Deputy Minister of the new Provincial Department.

Joint Formulation and Approval of Programs and Projects

The Management Group will oversee the formulation of detailed programs and projects and will recommend them to the Joint Advisory Board. The Board may reject, amend or recommend the programs for approval to the Government of Prince Edward Island and the Government of Canada. When programs have been approved by the two Governments, the Board will approve projects that fall within these programs.

FINANCE

The Plan, while embracing a wide range of interrelated activities, does not include all activities for which either the Provincial or Federal Governments make funds available. In general, in costing, the attempt has been made to include all development and adjustment measures whether new, such as the Land Development corporation, or ongoing measures which are being totally redirected or play a key role in achieving the development objectives, such as, for example, education, manpower, programs, wharf construction, agricultural extension, etc.

Also included are costs of the developmental aspects of some programs such as staff development and training, closing gaps in health and welfare services, and extra assistance for housing and urban development; but excluding, in these examples, the basic costs of Island administration and of health and welfare and normal mortgage credit for housing. Totally excluded on the federal side are costs of transportation links to the mainland, various conditional and unconditional grants and transfers, and no attempt has been made to anticipate new national programs. On the provincial side other exclusions encompass debt charges, normal road maintenance, and a series of smaller expenditures related more to housekeeping than to development.

Cost Sharing

Much of the Plan provides for special mechanisms to bridge gaps in the operations of normal market and government mechanisms. These gaps exist because of the inability of the economy and institutions of the Province to adapt rapidly enough to exploit the opportunities effectively. Most of these measures will phase out of existence as the Province becomes capable of adapting effectively to the environment of the commercial world. This process, together with the need to fill some serious gaps in infrastructure early in the Plan period, means that the costs of implementation must inevitably be higher in the early years of the Plan. Since the Province can only gradually increase its capability to finance these activities, the federal share of the additional funding required must be high in the early years. It will gradually decline until, near the end of the 15 year period, only the standard federal programs with a national scope will continue to be necessary.

To take account of the changing requirements for federal financial assistance under the Plan, special direct shared-cost funding will be provided only for the following types of activities:

- (1) Statutory shared-cost programs (housing);
- (2) Areas of constitutionally shared jurisdiction (agriculture, fisheries);
- (3) Recoverable loans (tourism, agriculture, industry);
- (4) Special non-recoverable capital projects (roads, industrial park, recreation).

The balance of the funds, after deducting expenditures on ongoing federal departmental programs, will be provided as a developmental grant by the Department of Forestry and Rural Development.

The developmental grant, which will diminish gradually over the Plan period as work is completed and as the Provincial contribution increases, will be paid to the Department during each fiscal year on the recommendation of the Joint Advisory Board when the Board has satisfied itself that the expenditures previously made were effectively directed towards the program objectives agreed upon and that satisfactory progress has been made in reaching these objectives.

Plan Costs

Taking account of all expenditures falling within the Plan framework over the fifteen year Plan period, and subject to the recommendations of the Joint Advisory Board, the Province will contribute an amount of approximately \$500 million and the Federal Government an amount of \$225 million to implement the Plan. Of the \$225 million contributed by the Federal Government a minimum of \$36.6 million will be in the form of interest-bearing recoverable loans.

During the first phase of implementation for which the project costs are outlined in this Program Guide the Province will contribute not more than \$118.0 million and the Federal Government not more than \$125 million of which approximately \$6.5 million will be paid from federal departmental programs, \$36.6 million through interest-bearing recoverable loans and \$81.9 million directly from the Fund for Rural Economic Development.

*As Amended
June 21, 1971*

The total costs for the second phase of the Agreement will amount to approximately \$485 million of which \$385 million will be provided by the Provincial Government, and \$100 million from the Federal Government. These estimates are based on projections of costs for the individual programs and projects within the Plan divided approximately as follows: \$31 million for group 1 programs, \$390 million for group 2 programs, \$35 million for group 3 programs and \$30 million for group 4 programs. These represent the best estimates that can be made at present of the costs of meeting, during the second phase, objectives set for each of the projects and programs. They are, of course, subject to change in the light of the evaluation process or under the impact of outside events.

The programs and projects of the first phase are for implementation not later than March 31, 1976 - that is in seven years. If the Plan moves well at the early stages, it is possible that more can be done in the sixth and seventh years than is provided for in the initial commitments. Accordingly, provision is made in the Agreement for the possibility of completing the first phase in a period shorter than seven years, subject to the reservation that the federal contribution will not exceed \$25 million in any one year.

12/10/71
12/10/71

SCHEDULE C1 ADDENDUM TO DEVELOPMENT STRATEGY

CURRENT SITUATION

Article 7 of the Agreement provides for the periodic review and amendment of the Development Plan for Prince Edward Island.

The Joint Advisory Board established under the provisions of Article 13 to administer the Plan decided in July 1970 that a federal-provincial committee of officials should undertake a thorough review of the Plan, its objectives and programs, with a view to clarification and adjustment. The Review Committee reported in January 1971 that the original strategy of the Plan, as explained in Schedule C, was still essentially sound, but that changes in programs and funding arrangements for the first phase were required to enhance the Plan's effectiveness. The Joint Advisory Board accepted these findings and agreed that authority should be sought for the necessary amendments to the ~~Department~~ ^{Development} Plan.

STRATEGY

The basic strategy of the Plan is not changed by Amendment No. 1, but through a re-allocation of funds provision is made for substantial federal assistance to the Province in financing the capital costs of improvements in the educational system including the construction of school buildings.

Importance has been placed on the acceleration of the school construction program that is essential to accomplish the objectives in Primary and Secondary Education.

A shifting of federal funds in support of the capital costs of improved educational facilities is practical because of new policies and programs initiated by the

Department of Regional Economic Expansion and other Federal Departments since the Plan's inception. Experience has also shown that several programs can be more effectively implemented, at lower cost, through a consolidation of objectives and strategies. Some programs are less costly to implement than originally anticipated and thus provide sources of funds for re-allocation. In short, the priority of needs within the Plan, as revealed by time and experience, has changed sufficiently during the past two years to warrant the changes in programs and funding arrangements brought about by Amendment No. 1.

PROGRAM AMENDMENTS

RESOURCE ADJUSTMENT AND DEVELOPMENT

1.2.1 - Agriculture

Three sub-programs are identified; Extension and Education, Research and the Land Development Corporation. There is a small reduction in credit requirements for the Land Development Corporation.

1.2.2 - Tourism and Recreation

Credit funds are deleted from this program in view of the availability of credit to the industry from the Industrial Development Bank, a Federal guaranteed loan program and the Provincial Lending Authority.

1.3 - Fisheries

Programs for inshore (1.3.1) and offshore (1.3.2) fisheries are consolidated. Sufficient funds are allocated for fisheries extension, research and investigation and the provision of special assistance for the improvement of landing and handling facilities.

SOCIAL DEVELOPMENT

2.1 - Education

Operating Costs and Educational Capital Funds are identified as separate sub-programs. The need and importance of this Program are reflected in increased funding through the establishment of an education capital fund.

2.2.1 - Adult Education and Related Training

A new project for an "Employment Training Corps" is to be established to enable the Province to take advantage of experience obtained through the P.E.I. NewStart Corporation.

2.3.2 - Urban Development and Community Services

The objectives and strategies of the original programs for Urban Services and Development (2.3.2) and Health and Welfare Services (2.4) are combined in this Program. Urban Pollution Control and Development Services are identified as sub-programs for financial purposes. The funding of the new Program reflects the changed conditions.

2.4 - Health and Welfare Services

This Program is combined with 2.3.2 Urban Development and Community Services.

RESOURCE SUPPORTING AND COMMERCIAL SERVICES

3.3.1 - Industrial Waste Disposal

Increased funds are required to meet the original objectives.

3.4 - Manufacturing and Processing

The original three Programs in this sector are consolidated into one Program for industrial development. This Program includes three elements for industrial consolidation, intelligence and promotion. Projects to assist in the consolidation of agricultural and fisheries processing industries and to provide technical assistance to industry will be cost shared. Projects for Industrial Promotion will be funded by the Province. The credit funds originally allocated to this Program are deleted in view of other credit sources available to industries.

3.5.2 - Potato Quality Improvement

This Program is deleted. Assistance is available under the Regional Development Incentives Act.

3.5.3 - Market Development Centre

This Program replaces Market and Product Development with revised funding.

IMPLEMENTATION

4.1 - Plan Management

Based on experience, funds are reduced.

4.3.1 - Public Education, Counselling and Community Involvement

The aims and objectives of this Program can be met with reduced funding.

4.4 - Evaluation

Project Monitoring (4.4.1), and Project and Program Evaluation (4.4.2) are consolidated and funding reduced.

APPENDIX "A"

TO THE FIRST MEMORANDUM OF IMPLEMENTATION
SUMMARY OF COSTS AND SOURCES FOR THE FIRST PHASE
OF THE PRINCE EDWARD ISLAND
COMPREHENSIVE DEVELOPMENT PLAN

SUMMARY OF COSTS AND SOURCES FOR THE FIRST PHASE OF THE PRINCE EDWARD ISLAND
COMPREHENSIVE DEVELOPMENT PLAN

RESOURCE ADJUSTMENT AND DEVELOPMENT		Province	FRED	Other Federal	Net Cost	Credit	Total Cash
		(in thousands of dollars)					
1.1.1	Land Use Planning	-	1,579	-	1,579	-	1,579
1.1.2	Surveying, Mapping and Land Titles	852	1,008	-	1,860	-	1,860
1.1.3	Soil and Water	266	799	-	1,065	-	1,065
1.1	Integrated Land Management	1,118	3,386	-	4,504	-	4,504
1.2.1	Agriculture						
	- Extension and Education	1,617	4,852	-	6,469	-	6,469
	- Research	-	1,700	-	1,700	-	1,700
	- Land Development Corporation	2,000	6,000	-	8,000	17,484	25,484
		3,617	12,552	-	16,169	17,484	33,653
1.2.2	Tourism and Recreation	1,424	4,272	-	5,696	-	5,696
1.2.3	Forestry	1,472	-	-	1,472	-	1,472
1.2	Development of Land Based Resource Sectors	6,513	16,824	-	23,337	17,484	40,821
1.3	Fisheries	606	1,817	-	2,423	-	2,423
	TOTAL RESOURCE ADJUSTMENT AND DEVELOPMENT	8,327	22,027	-	30,264	17,484	47,748

**SUMMARY OF COSTS AND SOURCES FOR THE FIRST PHASE OF THE PRINCE EDWARD ISLAND
COMPREHENSIVE DEVELOPMENT PLAN**

SOCIAL DEVELOPMENT	Province	FRED	Other Federal Cost	Net Cost	Credit	Total Cost
						(in thousands of dollars)
2.1.1 Primary and Secondary Education						
- Operating Costs	76,093	9,000*	-	76,093	-	76,093
- Education Capital Funds	-	-	-	9,000	12,000	21,000
Post Secondary Education	30,500	-	-	30,500	-	30,500
2.1.2 Education	106,593	9,000	-	115,593	12,000	127,593
2.1 Education						
2.2.1 Adult Education and Related Training	100	900	-	1,000	-	1,000
2.2.2 Vocational Training	-	-	6,500	6,500	-	6,500
2.2 Adult Education and Vocational Training	100	900	6,500	7,500	-	7,500
2.3.1 Housing	1,000	6,000	-	7,000	-	7,000
2.3.2 Urban Development and Community Services	3,247	739	-	3,986	1,079	5,065
- Urban Pollution Control	-	3,000	-	3,000	4,000	7,000
- Development Services	3,247	3,739	-	6,986	5,079	12,065
2.3 Housing, Urban Development & Community Services	4,247	9,739	-	13,986	5,079	19,065
TOTAL SOCIAL DEVELOPMENT	110,940	19,638	6,500	137,079	17,079	154,158

* An additional \$3.0 million (not shown) is available from Canada Department of Manpower and Immigration T.V.T. Phase-Out Capital Cost Program.

SUMMARY OF COSTS AND SOURCES FOR THE FIRST PHASE OF THE PRINCE EDWARD ISLAND
COMPREHENSIVE DEVELOPMENT PLAN

DEVELOPMENTS SUPPORTING AND COMMERCIAL SERVICES		Province	FED	Other Federal	Net Cost	Credit	Total Cost
		(in thousands of dollars)					
3.1.1	Resource Highway	4,688	4,687	-	9,375	-	9,375
3.1.2	Collector Highway	2,750	2,750	-	5,500	-	5,500
3.1	Transportation	7,438	7,437	-	14,875	-	14,875
3.2.1	Supply of Power	-	-	-	-	-	-
3.2.2	Conversion of Single-Phase Power Transmission	200	-	-	200	-	200
3.2	Power	200	-	-	200	-	200
3.3.1	Industrial Waste Disposal	-	1,700	-	1,700	-	1,700
3.3.2	Water Supply	-	-	-	-	-	-
3.3	Industrial Waste Disposal and Water Supply	-	1,700	-	1,700	-	1,700
3.4	Manufacturing and Processing						
	- Industrial Consolidation	300	700	-	1,000	-	1,000
	- Industrial Intelligence	185	425	-	610	-	610
	- Industrial Promotion	1,025	-	-	1,025	-	1,025
		1,510	1,125	-	2,635	-	2,635
3.5.1	Credit and Resource Industries	2,650	-	-	2,650	2,000	4,650
3.5.3	Market Development Centre	700	1,500	-	2,200	-	2,200
3.5	Market Development and Short Term Credit	3,350	1,500	-	4,850	2,000	6,850
	TOTAL RESOURCE SUPPORTING AND COMMERCIAL SERVICES	12,498	11,762	-	24,260	2,000	26,260

SUMMARY OF COSTS AND SOURCES FOR THE FIRST PHASE OF THE PRINCE EDWARD ISLAND
COMPREHENSIVE DEVELOPMENT PLAN

IMPLEMENTATION		Province	FRED	Other Federal	Net Cost	Credit	Total Cash
		(in thousands of dollars)					
4.1	Plan Management	1,213	3,637	-	4,850	-	4,850
		<u>3,135</u>	<u>-</u>	<u>-</u>	<u>3,135</u>	<u>-</u>	<u>3,135</u>
4.2.1	Administrative Development	1,175	-	-	1,175	-	1,175
4.2.2	Government Staff Development and Training	<u>1,175</u>	<u>-</u>	<u>-</u>	<u>1,175</u>	<u>-</u>	<u>1,175</u>
4.2	Provincial Government Organizational and Staff Development	4,310	-	-	4,310	-	4,310
		<u>4,310</u>	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>-</u>	<u>4,310</u>
4.3.1	Public Education, Counselling and Community Involvement	1,169	3,503	-	4,672	-	4,672
	Voluntary Institution Support Services ..	<u>103</u>	<u>307</u>	<u>-</u>	<u>410</u>	<u>-</u>	<u>410</u>
4.3.2	Public Participation and Involvement ..	1,272	3,810	-	5,082	-	5,082
4.3		<u>1,272</u>	<u>3,810</u>	<u>-</u>	<u>5,082</u>	<u>-</u>	<u>5,082</u>
4.4	Evaluation	139	416	-	555	-	555
		<u>139</u>	<u>416</u>	<u>-</u>	<u>555</u>	<u>-</u>	<u>555</u>
	TOTAL IMPLEMENTATION	6,934	7,863	-	14,797	-	14,797
		<u>6,934</u>	<u>7,863</u>	<u>-</u>	<u>14,797</u>	<u>-</u>	<u>14,797</u>
	TOTAL PLAN	138,609	61,291	6,500	206,400	36,563	242,963
		<u>138,609</u>	<u>61,291</u>	<u>6,500</u>	<u>206,400</u>	<u>36,563</u>	<u>242,963</u>

CALCULATION OF DEVELOPMENT GRANT

Provincial Gross Costs	138,609
Provincial Capability	117,963
Development Grant	20,646

SUMMARY OF COST

FRED Cost Shared Projects	61,291
FRED Development Grant	20,646
FRED TOTAL	81,937
Other Federal Departments	6,500
Credit (Loans)	36,563
FEDERAL TOTAL	125,000
Provincial Contribution	117,963
PLAN TOTAL	242,963

(All figures in thousands of dollars)



